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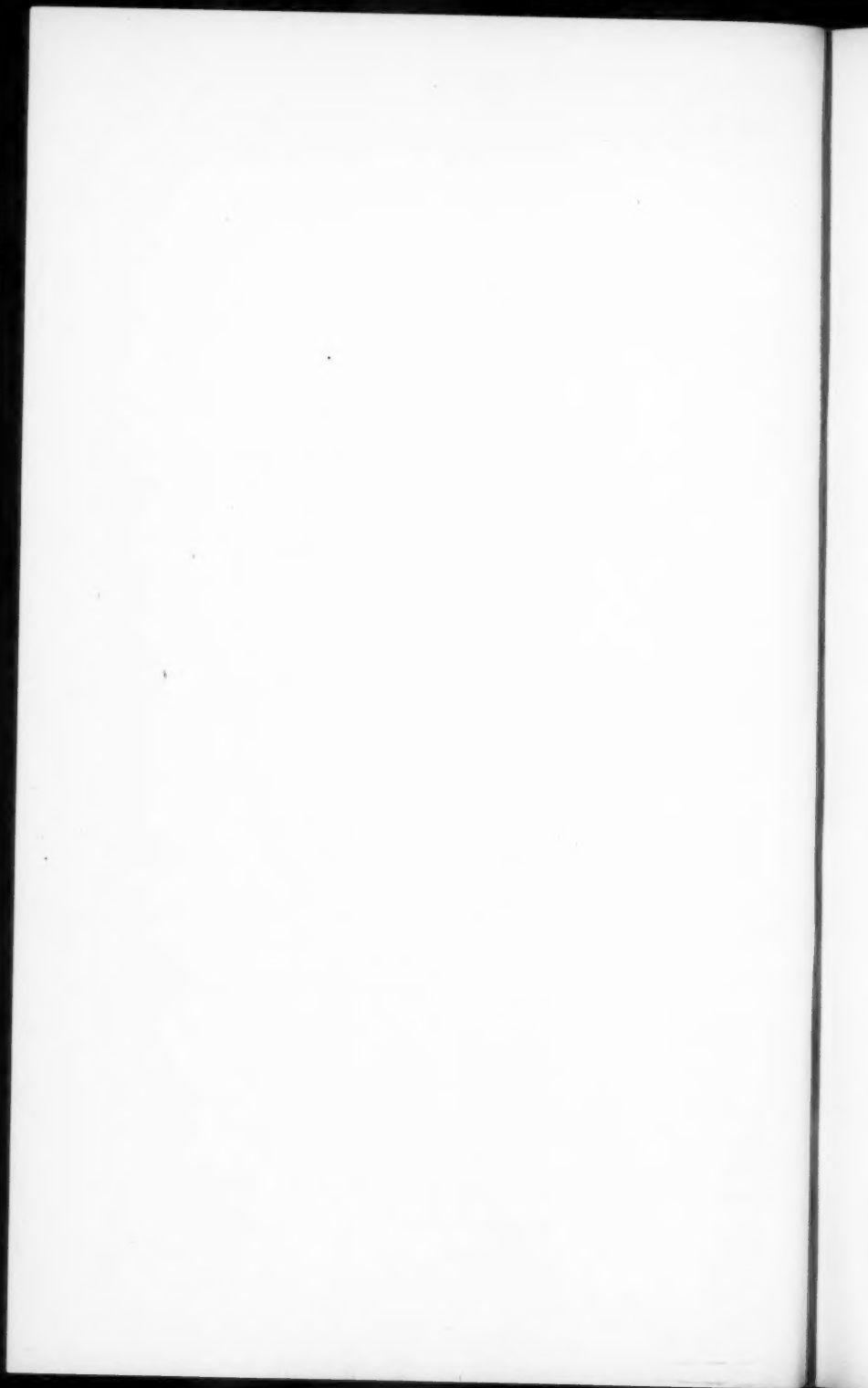
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REPORT OF THE SPECIAL COMMISSION AP- POINTED TO INVESTIGATE THE ENTIRE SUBJECT OF TAXATION.

Scope of Investigation.

A continuation of the work begun by this Commission during 1927 was authorized by chapter 31 of the resolves passed at the last legislative session, as follows:

RESOLVE PROVIDING FOR THE CONTINUATION OF THE WORK OF INVESTIGATING AND REVISING THE TAX LAWS OF THE COMMONWEALTH BY AN UNPAID SPECIAL COMMISSION.

Resolved, That the unpaid special commission to revise the laws of the commonwealth relative to taxation, established by chapter forty-four of the resolves of nineteen hundred and twenty-seven, shall continue the investigation of the laws of the commonwealth relative to taxation as provided in said chapter, and shall carry to completion the study and report undertaken by it. For such purpose, the commission shall be provided with quarters in the state house, and may expend for expert, clerical and other expenses such sums, not exceeding ten thousand dollars, as the general court may appropriate. The commission shall make a report to the general court by filing the same with the clerk of the house of representatives not later than December first in the current year, together with drafts of legislation necessary to carry its recommendations into effect. [Approved April 26, 1928.]

The first meeting of the Commission under the above order was held on May 8. Representative Martin M. Lomasney, member of the Commission in 1927, resigned, and the Speaker of the House of Representatives appointed Representative Wilfred J. Lamoureux to succeed him.

For the purpose of assisting in the vast amount of research which has been necessary in connection with the investigation, the Commission employed William E. Dorman, counsel to the Senate, and Henry D. Wiggin, counsel to the House of Representatives.

Because of the unusual length of the legislative session, the Commission had much less time at its disposal than had been anticipated. It was impossible, therefore, to study as fully as was desirable all of the phases of the tax situation. Comprehensive dealing with the laws relating to the income tax and the corporation tax left little opportunity for necessary work on other phases of the situation.

In its report to the General Court of 1928, the Commission pointed out that much study should be given to the subject of exemptions from local property taxes under existing taxation laws, as well as to questions relating to administration and procedure. In view of the inability of the Commission for lack of time to make a thorough study of administrative and procedural questions, it has embodied in the proposed bills existing provisions for administration and procedure. The Commission, however, is not to be regarded as expressing approval of these provisions. The entire subject should have careful consideration. Various other features of the present tax system, in the opinion of the Commission, should be given further study and some revision effected before the work begun in 1927 can be brought to a satisfactory conclusion.

The Commission wishes to acknowledge most valuable assistance rendered by Henry F. Long, Commissioner of Corporations and Taxation, and by Alexander Holmes, Irving L. Shaw and Harold G. Lyon of that department.

GENERAL PRINCIPLES.

It is common knowledge that a satisfactory tax system must (a) produce the necessary revenue, (b) distribute the burden of taxation fairly, and (c) produce the revenue with the minimum of expense to the government and of expense and annoyance to the taxpayers. In the report of this Commission, which was filed last year, it was pointed out that a study of public expenditures with a view to determining whether properly they could be reduced in amount was basic to any comprehensive

study of the tax problem and an attempt to relieve taxpayers from an undue burden of taxation. In accordance with the recommendation of this Commission the General Court provided for the appointment of a commission to make a study of public expenditures. That commission is now at work upon this problem. Problems which are more directly those of taxation are left for the consideration of this Commission.

In our last report we discussed the general principles of taxation, and it is unnecessary to restate them here or to state precisely the extent to which taxation should be based upon ability to pay, or to what extent it should be based upon benefits received from government. To a very large extent, at least, ability to pay must be the determining factor with full recognition that each taxpayer is deriving benefits from the government, but that it is impossible to value those benefits, or, indeed, to collect from the taxpayer in proportion to such benefits. As we pointed out last year, "in comparing the respective abilities of persons to pay taxes three things should be considered: (a) the income of the individual, (b) the capital value of his property, and (c) his situation with respect to family responsibility. The primary test of ability to pay taxes is undoubtedly the income of the taxpayer."

It is idle to talk of relieving real estate or industry in any of its forms from the burden of taxation without either reducing the amount of taxes to be raised or substituting to some extent for taxes upon real estate and upon industry in its various forms taxes derived from some other source. Group after group of taxpayers appeals for reduction in taxation, and the case made for such reduction seems unanswerable. Except, however, to the extent that the burden of taxation can be reduced by the reduction of public expenditures, these appeals can be answered only by the transfer of the burden of taxation to other shoulders. The Commission has not been flooded with persons volunteering to assume greater burdens. It is satisfied, however, that these burdens in

some degree can be transferred to the entire body of persons receiving income in excess of reasonable exemptions without overburdening any of those persons, and by some readjustment actually reducing the burden upon a considerable group of income taxpayers themselves.

The problem before the Commission is not primarily to raise more revenue. The present system undoubtedly will produce the necessary revenue, even if as a result of the study of the Commission on public expenditures the amount required cannot be reduced below that now being raised. The problem before the Commission is to determine whether the burden of taxation can be distributed more fairly and the expense and annoyance of administration reduced, and to establish, if possible, a system of taxation which will meet the needs of the community, as wealth and the expense of government increase, without the continual tinkering that has been necessary in the past.

INCOME TAX.

The Commission is unanimous in the opinion that any substantial advance in the direction of fairness in the distribution of the tax burden involves the passage of a general income tax of low but graduated rates with adequate exemptions. The way in which nearly every suggestion for relief from taxation brings us back to the necessity of greater revenue from the income tax is almost uncanny. Such a tax is an essential feature of any system which seeks to distribute the tax burden with primary reference to the ability of the taxpayer to pay.

The present income tax is classified on the basis of the source of the income. Earned income is taxed at $1\frac{1}{2}$ per cent, investment income at 6 per cent, gains on sales of intangibles at an intermediate figure of 3 per cent, apparently for the reason that such income is regarded as in part earned and in part derived from investment. How far this conception of the nature of the income derived from the sale of intangibles is sound is open to question. Very different exemptions are provided with respect to earned income and investment income. The Com-

mission is satisfied that these distinctions are unsound. It recognizes that, other things being equal, a person receiving a given amount of earned income has a somewhat smaller ability to pay than a person receiving the same amount of income from capital invested. The Commission, however, does not believe that the relative abilities of a person earning a large salary as compared with an elderly or infirm person unable to work and receiving a small income from invested capital is fairly measured by the ratio of $1\frac{1}{2}$ to 6. It believes that the ability to pay taxes increases more rapidly than the increase in income, whether such income is earned or investment income, and that some gradation as to amount of income is essential to a fair income tax. When the Massachusetts income tax was adopted, income taxation as a source of revenue in the United States was in its infancy. Since that time it has been adopted in a number of States, and it has become a feature of Federal taxation, not merely as a war measure but as a recognized part of the fiscal system. People are accustomed to a graded income tax. The criticisms which formerly were directed against the Federal income tax now are directed very largely against the State income tax. The fairness of the principle of graduated income taxation is recognized very generally. It is believed by the Commission that if the rates are kept reasonably low a graded income tax upon the income of individuals not only will be in fact a sound method of taxation, but will be so recognized by thoughtful citizens.

The Commission realizes fully that investment income of any given amount gives somewhat greater ability to pay than earned income of the same amount. If the income tax were the only tax laid here and in other States upon investment by Massachusetts residents, it would be proper to recognize the distinction between the two types of income by imposing a larger tax upon investment income. The Commission thinks, however, that so far as investment income gives greater ability to pay to the recipient, that greater ability has been reached

for purposes of taxation by the taxes levied upon the property or business from which such income is derived. Clearly the present *ad valorem* tax upon real estate must be retained, and perhaps some *ad valorem* tax on tangible property. Clearly, too, corporations must bear some tax. The Commission believes that these taxes should be regarded as making a sufficient adjustment for the difference in tax-paying ability between earned income and investment income. The fact that the taxes upon property or business may be collected by some State other than Massachusetts does not affect the situation. It is believed that a proper division of taxes between the States of the situs of property or business and the residences of the recipients of the income therefrom is to leave to the States of the situs the taxes imposed upon property or business, while the States of residences of the recipients impose taxes upon the income.

In speaking of a general income tax the Commission has in mind a tax based upon income of residents in Massachusetts from whatever source derived. It recognizes that there must be adequate exemptions. It recognizes, also, that there are some forms of income which constitutionally cannot be reached by such a tax. Of course, these must be excluded. With these limitations the Commission believes that all income should be subjected to the tax regardless as to whether it is derived from property or business which has been taxed in some other way. Other taxes should account merely for the difference in ability to pay between the recipient of earned income and the recipient of invested income, and for such taxes as properly should be laid upon the basis of benefits derived from government. The rate of tax should be so low that the tax will not be burdensome upon any person. It should be somewhat larger than at present on large earned incomes, should be lower than at present on investment income which now is taxable, and should be levied on much income which now is non-taxable. So far as the tax is levied upon dividends of corporations which themselves pay a tax to Massachusetts, it must be recognized that this additional tax on

dividends to some extent may be compensated for by a reduction in the tax upon corporations.

The Commission presents herewith (see Appendix A) an income tax bill which may be summarized as follows:

1. It taxes all income, from whatever source derived. This, of course, is subject to the limitations imposed by the Federal Constitution and laws.

2. It taxes income at rates graded in accordance with the amount of income received by the taxpayer in excess of exemptions, as follows: One per cent up to \$5,000; $1\frac{1}{2}$ per cent from \$5,000 to \$10,000; 2 per cent from \$10,000 to \$25,000; 3 per cent on all income in excess of \$25,000.

3. It exempts from taxation income up to \$1,500 in the case of a single person; \$3,000 in the case of a married person, and allows further exemptions of \$250 for each child or other dependent.

4. It provides for the payment of one-half of the tax at the time the return is due, March 15, and one-half on October 1.

The Commission realizes that there are grave doubts as to the constitutionality of the proposed law. It is clear that the word "uniform" as used in Article 44 of the Amendments to the Constitution requires uniformity of rate with respect to the same amount and class of income throughout the Commonwealth. There never has been any judicial decision definitely stating that it also requires uniformity of rate with respect to the same class of income regardless of the amount of such income,— in other words, that it prohibits rates graded according to amounts of income,— but it has been generally assumed that such is the case.

The Commission therefore recommends that the General Court request the opinion of the Supreme Judicial Court as to whether or not, under Article 44 of the Amendments to the Constitution, graded rates are permissible. (For specific questions see Appendix B.)

If the answer is in the affirmative the Commission recommends immediate passage of the proposed bill.

If the answer is in the negative the Commission be-

lieves it impossible to evolve any satisfactory income tax bill because the said Article 44 is too restrictive, and the Commission recommends adoption of a constitutional amendment which will give to the General Court complete freedom in dealing with the taxation of income. (See Appendix C.)

Such a general income tax bill, whether adopted before or after the constitutional amendment, should be the heart of the tax system of the future. The form in which wealth is held has changed materially in comparatively recent years. When the present tax system of the Commonwealth was growing up the wealth of an individual to a large extent was a direct ownership of real estate, particularly land. It was natural and proper that the basic tax, then, should be a local property tax on real estate. Today the wealth of an individual is likely to consist very largely of the ownership of intangible property, stocks and bonds, which represent indirect ownership of tangible property, or perhaps only the right to receive income from property or business. The amount of land which can be owned directly necessarily is limited. The amount of intangible property, on the other hand, has been increasing by leaps and bounds, and it does not appear that there is any limit to such increase. Under these changed conditions, if the wealth of the community is to be reached for purposes of taxation it can be reached more fairly and effectively through income. It is the primary measure of ability to pay, and should bear to a large degree the burden of taxation.

The Commission feels strongly that a general income tax on incomes derived from all possible sources is the only possible solution of the problem of taxation. If this principle is accepted, then the questions of exemptions or rates become problems of fact to be determined with relation to fair standards of living and amounts of revenue necessary to collect. The Commission does not pretend that the proposed bill will raise any appreciable amount of extra revenue at the present time; probably no more than enough to make up for slight losses of

revenue which may be caused by changes hereinafter suggested in the corporation tax law and in the laws governing the taxation of tangible personal property. It does not pretend that the proposed bill will make any immediate reduction in the local property tax on real estate. But it contends that such a tax in the course of time, due to the steady growth of intangible property, will permit a real reduction in the corporation tax, thereby encouraging industry; it will permit abolition if it seems advisable of all taxes on tangible personal property; and it will make it possible to keep the local property tax on real estate within reasonable grounds.

CORPORATION TAX.

The Commission has devoted much time to the study of the tax laws as they affect industry in Massachusetts. Some branches of industry are not prosperous. Modifications of the tax laws will not assure prosperity, but the Commission believes that some relief to industry as carried on by corporations can be effected through such modification.

Business corporations are required to pay taxes at the local rate upon their real estate and machinery under the present law. Merchandise and intangible values are reached through a State tax of \$5 a thousand upon the so-called corporate excess, which is the aggregate value of the shares of the corporation less the property locally taxed and other property directly or indirectly taxed in other ways. This tax is a part of the excise upon corporations, the other part being a $2\frac{1}{2}$ per cent tax on incomes.

The tax of \$5 a thousand on corporate excess is difficult to administer and productive of many discussions between the taxpayers and the Department of Corporations and Taxation, since it involves the valuation of the shares of stock of all domestic corporations and all foreign corporations doing business within the Commonwealth. This tax is levied irrespective of the earnings record of the corporation, except in so far as that

earnings record may be thought to be reflected in capital values. A single year of bad earnings, or even several, will not destroy all capital values. Perhaps the effect of such an earnings record on capital value may not be recognized adequately in valuing shares of stock under present methods of administration, but whether or not this is true, the effect of this form of tax is to impose a considerable tax on corporations in years in which they have no earnings, or small earnings, in addition to the substantial local tax paid upon real estate and machinery.

The Commission believes that it is sounder policy to levy a tax on corporations solely on the basis of income, so that corporations which have been successful in any year will carry the burden of the tax for that year. This is in accordance with the principle that taxes are based upon ability to pay. (If benefits received are regarded as the basis for taxation of corporations, the local taxes paid upon real estate and machinery would seem to allow sufficiently for this basis of taxation.) An increase in the rate of tax on income sufficient to make up for a large part of the tax based upon corporate excess will not be a hardship upon corporations which are operating at a profit. The Commission believes that the tax of \$5 a thousand on corporate excess should be abolished, and that the tax which is levied now at the rate of $2\frac{1}{2}$ per cent on income should be increased to $4\frac{1}{2}$ per cent on income. This change will relieve the corporations which are unsuccessful, and in a great number of cases will not increase the aggregate corporate tax paid by a corporation, since the additional tax resulting from the 2 per cent on income will not be greater than the tax of \$5 a thousand on corporate excess from which such corporation is relieved.

Figures for a period of years indicate that a tax upon the proposed basis will produce in the aggregate somewhat less revenue from corporations than does the present corporation tax. There is a superficial view that taxes should be raised from the rich corporations. This view loses sight of the fact that such taxes, though levied directly upon the corporations, are raised indirectly from

the stockholders of the corporation, and are raised from such stockholders with complete disregard of the ability of such stockholders to pay. The poor woman, who owns a single share of stock in a corporation, and who under any reasonable schedule of exemptions from taxation would have no tax to pay, is taxed through the corporation tax as heavily in proportion as is the very large stockholder. In the last analysis the spender of income, who perhaps may be described as the consumer of income, is the proper subject of taxation. To take the taxes out of industry is not only to take them upon a basis which is unsound theoretically, and without relation to the ability to pay of the ultimate consumer of income, but also is to lay a heavy hand upon industry, and thus indirectly burden the wage earner whose living depends upon the success of industry, and upon the consumer of the product, who thus is taxed by reason of his necessities rather than by reason of his ability to pay.

The Commission therefore recommends, as part of its general scheme of taxation to be built around a general income tax law, the passage of a law embodying the above suggestions. (See Appendix D.)

The Commission believes that national banks, trust companies, and all public utilities should be taxed in the same way as business corporations, and such corporations have been included in the suggested bill. Unincorporated associations, trusts and partnerships having transferable shares and doing business practically in corporate form are likewise included.

TANGIBLE PERSONAL PROPERTY.

The Commission is convinced that there are certain forms of tangible personal property which ought not to be taxed at the local property rate; for example, merchandise owned by corporations bears a much lower tax than merchandise owned by individuals. Our present tax system bears much more heavily upon business carried on by an individual than upon business carried on in the corporate form. An individual engaged in manufacturing

or merchandizing is liable to taxation upon his merchandise at the local property rate, which averages more than \$30 a thousand. A corporation is reached only indirectly upon this capital value through the tax of \$5 a thousand on corporate excess. In determining the corporate excess the liabilities of the corporation will be offset against merchandise, and if business conditions are bad the net worth may be reduced further by the fact that the aggregate value of the shares is less than the net worth of the assets of the corporation. How can the individual expect to compete with the corporation when there is ordinarily a difference of more than \$25 a thousand in the tax which he is liable to pay upon his merchandise? The only advantage which the individual business man has over the corporation is in the fact that his tax upon business income is $1\frac{1}{2}$ per cent as compared with $2\frac{1}{2}$ per cent on the income of the corporation. This hardly can be regarded as a sufficient adjustment for the wide difference in the tax on capital values. Certainly it is not desirable to force small businesses into corporate form through unequal taxation.

There is strong reason why it should be possible for the General Court to put individuals and partnerships carrying on business more nearly on an equality with corporations with respect to the taxation of stock in trade. It may be that under the existing constitutional situation complete exemption from taxation of stock in trade owned by individuals or partnerships might be granted, though this at best is doubtful. But even if such complete exemption could be granted, there is a serious question as to whether stock in trade should be singled out for such preferential treatment as against some other forms of tangible personal property. It seems to the Commission that the General Court should be given power, if it saw fit to do so, to grant partial or even full exemption of such stock in trade.

It is at least open to question whether household furniture and other non-productive property should be taxed at the local property rate. With respect to many forms of tangible personal property it might be desirable

to have the tax upon the average value of such property owned throughout the year rather than upon the value of the property which by chance was on hand April first. It might be desirable to tax machinery at the same rate throughout the Commonwealth — possibly at less than the ordinary local rate of cities and towns within which such machinery is situated. There are on the statute books instances of attempts by the Legislature to relieve individuals from the burden of the local property tax, as, for instance, in the case of fishing boats. (See chapter 143, Acts of 1928.)

The Commission believes that the time is ripe now to amend the Constitution so as to permit the classification of tangible personal property for purposes of taxation, or even its complete exemption, and thus to give to the General Court a free hand to deal intelligently with the many serious problems which arise with respect to the taxation of such property.

The Commission therefore recommends the adoption of an amendment to the Constitution to this effect. (See Appendix E.)

If relief is granted under such an amendment in any considerable amount, the loss of revenue incident thereto can be met only through the general income tax.

CONCLUSION.

The Commission's recommendations are based upon a study of the tax situation as a whole, and are, to a considerable extent, interrelated. The Commission believes that it would be desirable for the General Court to deal with the situation in the same way. However, the recommendations as to personal income tax, corporation tax and classification of tangible personal property are so far independent that one or more of them could be adopted without adopting all of them, and the Commission believes that it would be for the best interests of the people of the Commonwealth for the General Court to adopt one or more of these recommendations, even if it did not see fit to adopt them all.

Since it is extremely doubtful if final action can be

taken upon the recommendations contained in this report during the current session of the General Court, and since there are other important questions of taxation which through lack of time have not been taken up this year, the Commission recommends that its work be continued for another year. (See Appendix F.)

ERLAND F. FISH.
LEVERETT SALTONSTALL.
WILFRID J. LAMOUREUX.
FRED T. FIELD.
THOMAS J. BOYNTON.
COLEMAN SILBERT.

SUPPLEMENTARY REPORT.

We wish to add this supplementary statement to the report which we have signed. We believe thoroughly in the principle of a general income tax graded as to amounts as basic to the tax system of the future. We believe that through the medium of such a tax a very large number of the inhabitants of the Commonwealth should contribute in some degree to the support of the government, but that those having larger incomes should contribute more in proportion to their incomes than do those having smaller ones. We believe that it is essential to the system that the rates should be low and the exemptions small. Within somewhat narrow limits the precise rates and amounts of exemptions are matters upon which opinions reasonably may differ. The rates and exemptions shown in the proposed income tax bill attached to this report are not essential features of the system. We wish that the proposed system might be considered on principle and not condemned merely because the rates or exemptions suggested may not seem to some persons to be the best which can be chosen. They can be determined finally after the fullest consideration by the General Court.

The rates and exemptions stated seem to us to be sound except that we think that the exemption of a married person without dependents should not exceed \$2,500. It should be borne in mind that under this bill the exemptions of so-called earned income and investment income, or a combination of the two, are the same. We believe that this is correct in principle. We believe that persons of small incomes from investment — particularly the aged and infirm who are unable to work and who live upon the savings of a lifetime — should have consideration under an income tax law. We think that

exemptions should be granted generally without regard to the total amount of income of the recipient. If these principles are applied to the new law an increase of an exemption of \$500 applicable to all persons, regardless of the amounts of their incomes, would reduce materially the revenue to be derived from the income tax. Such an increased exemption of \$500 would be granted not only to persons of moderate incomes, but also to persons of the largest incomes, and would reduce the amount taxable at the highest rate.

We do not think that the income tax should be passed as a measure to reach a minority of the inhabitants only. We do not think that its success should be jeopardized by a restricted application. As it is to apply to income generally it should apply to persons generally. Otherwise it is not proper as a basic tax. Moreover, we believe that the thoughtful patriotic citizen, even of moderate means, will feel an increased sense of self-respect if he is conscious that he is contributing directly to the support of the government. Furthermore, we venture to hope that the result of the adoption of the proposed income tax system will be to relieve the person of moderate means from local property taxes or indirect contributions thereto through rentals to a larger extent than his burden is increased by the addition of a small income tax. Whether or not this result is accomplished will depend upon the wisdom with which our municipalities are governed.

ERLAND F. FISH.
FRED T. FIELD.

MINORITY REPORT.

JANUARY 8, 1929.

During six years of membership on the Committee on Taxation of the General Court, the last four as House Chairman, and two years of membership on this Commission as Vice-Chairman, I have become firmly convinced that any income tax, to work justice to the whole body of our citizens and receive the public approval necessary for its successful application, must provide for adequate exemptions for those of moderate means. Therefore, while I concur in general theory with the recommendations of the majority of the Commission regarding an income tax, and with the other recommendations of the majority report, I am constrained to dissent relative to the amounts of income tax exemptions recommended. I also dissent relative to the income tax rates recommended.

The system of income taxation recommended is frankly based on a citizen's ability to pay toward the cost of government, in addition to the amounts all citizens now contribute, either directly or indirectly, through being the owners or occupants of real property, or through being owners of shares of corporations, which latter amounts they contribute before receiving income from the corporation. Hence, so long as it is necessary to raise revenue for the conduct of the government in excess of that raised by reasonable assessments locally on real estate and such revenue as is obtained through corporation taxes, the system of a graded income tax on income received from all sources is equitable and just, provided that a reasonable exemption be allowed sufficient to enable a single person, a married couple, or the head of a family with children or dependents, to live in accordance with reasonable American standards as we understand that term today.

It must also be realized that although the proposed change to a graded income tax is, I believe, theoretically sound, the recommendations in this regard mean a radical change from the present so-called State income tax, inasmuch as the proposed legislation would subject to taxation the income from Massachusetts savings banks, and the dividends from Massachusetts corporations, and certain other specially exempted corporations, which today are not taxable, as well as income from real estate. The inclusion of such income at the new low rates of tax in the proposed legislation is sound. Nevertheless, it is only reasonable and fair that adequate exemption be provided from income from whatever source commensurate with living conditions of today.

The present State income tax law bears very heavily upon those of extremely limited savings carefully invested in securities, and often results in a 6 per cent tax being extracted from a person totally unable to work for a living, and with an income only sufficient to meet, or partially meet, the barest necessities of existence, making it obligatory for such a person to live by the contributions of relatives and friends, or, in some cases, at the hands of charitable organizations. Such a condition should be eliminated, and would be by provision for adequate exemptions.

I would not, for the sake of lowering a rate of taxation on those of large annual income, endeavor to tax those persons of extremely modest income. On the contrary, I believe that the person of small annual income should be exempted from a tax, which is in the nature of a surtax, even though because of this a higher rate of taxation must be imposed on those enjoying extremely large annual incomes. Surely a person receiving an annual income of \$30,000 or more could not object to paying a tax of 4 per cent, when under our present law a person with the smallest amount of interest and dividends is obliged to pay a tax of 6 per cent if his total income from all sources exceeds a meager thousand dollars.

I recommend that a single person be exempted on in-

come up to \$2,000 (the amount now provided by existing law); that \$3,500 be the exemption for a married couple, and that further exemptions of \$500 for each child or other dependent be provided.

I recommend that the grouping of rates of tax be as follows: 1 per cent up to \$5,000; $1\frac{1}{2}$ per cent from \$5,000 to \$10,000; 2 per cent from \$10,000 to \$20,000; 3 per cent from \$20,000 to \$30,000; and 4 per cent on all incomes in excess of \$30,000 per year.

If the recommendations of the Commission are acted upon favorably, and a graded income tax law with proper and reasonable exemptions and rates becomes the law of the State, a great step forward will have been accomplished by relieving the citizens of Massachusetts from the present irksome and complicated income tax law, with its excessively high uniform rate of 6 per cent on income from intangibles and its complication and expense of administration. Such a graded income tax law will provide, instead, a system of taxation which will be easily administered, provide adequate revenue at properly graded yet relatively low rates based upon one's ability to pay, and which will be understood by every citizen of the Commonwealth.

CARROLL L. MEINS,
Vice-Chairman.

APPENDIX A.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Twenty-Nine.

An Act imposing a General Graded Tax on Personal
Incomes.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. The General Laws are hereby
2 amended by striking out chapter sixty-two and
3 inserting in place thereof the following: —

4 CHAPTER 62.

5 TAXATION OF PERSONAL INCOMES.

SECT.

1. Definitions.
2. Gross income, scope of term. Pledged securities. Distribution by liquidating corporations, etc. Gross income not to include.
3. Graded tax on net income. Application of tax. Income of corporations, certain associations, etc., not taxed, except.
4. Deductions. Items not deductible.
5. Credits and family exemptions.
6. Accounting methods and periods.
7. Gains and losses from sales, determination of, in general. Determination when shares received as stock dividends are sold.
8. Exchange of property, determination of gain or loss. Reorganization of corporation, etc.
9. Decedents, income received by.
10. Fiduciaries, income received by.
11. Corporations acting as fiduciary.

SECT.

12. Corporate fiduciary, returns and penalties.
13. Anticipating tax on estates and trusts.
14. Partners.
15. Returns by individuals.
16. Returns by fiduciaries.
17. Returns by partnerships.
18. Returns, form and filing.
19. Returns, blanks for.
20. Returns, notice by commissioner.
21. Returns, omitted and supplementary.
22. Returns, extension of time.
23. Returns, verification.
24. Returns, mandamus to compel.
25. Returns, inspection by officials; disposition, etc.
26. Information at source, employers, corporations, etc., by.
27. Information at source, salaries of public employees.
28. Assessment and payment in two instalments. Interest.

SECT.

29. Return, omission, incorrect, etc., double assessment.
30. Additional assessment and interest.
31. Rules and regulations.
32. Notice of tax. Place of payment.
33. Weekly accounting by income tax assessors.
34. Interest on overdue tax. Remedies of commissioner for collection.
35. Fiduciaries, personal liability of.
36. Abatement by commissioner.
37. Abatement, limitations on.
38. Abatement, appeal to board of appeal.
39. Abatement, repayment.

SECT.

40. Abatement, appeal to court.
41. Abatement, remedies under this chapter exclusive.
42. Constitutionality, separability clause.
43. Return, late, penalty.
44. Return, fraudulent, etc., penalty.
45. Information at source, penalty for failure to furnish.
46. Returns, disclosure of information, penalty.
47. Fiduciaries, certain penalties, etc., applicable to.
48. Partnerships, penalties, mode of inflicting on.

6 *Section 1.* The following words and phrases as
7 used in this chapter, unless the context otherwise
8 requires, shall have the following meanings:
9 "Commissioner", the commissioner of corpora-
10 tions and taxation;
11 "Director", the director of the income tax division
12 of the department of corporations and taxation;
13 "Fiduciary", a guardian, trustee, executor, admin-
14 istrator, receiver, conservator or any person or cor-
15 poration acting in any fiduciary capacity for any
16 person, trust or estate;
17 "Fiscal year", an accounting period of twelve
18 months ending on the last day of any month other
19 than December;
20 "Net income", the gross income as defined in sec-
21 tion two less the deductions allowed in section four;
22 "Inhabitant", a natural person resident in the
23 commonwealth;
24 "Paid", for the purposes of the deductions under
25 this chapter only, "paid or accrued" or "paid or
26 incurred", and the terms "paid or accrued" or
27 "paid or incurred" shall be construed according to
28 the method of accounting upon the basis of which
29 the net income is computed under the provisions of
30 this chapter;

31 "Received", for the purpose of the computation
32 of net income under this chapter only, "received or
33 accrued", and the term "received or accrued" shall
34 be construed according to the method of accounting
35 upon which the net income is computed under this
36 chapter;

37 "Taxable year", the fiscal period for which the
38 taxpayer makes his return of income under section
39 six, and if no fiscal year other than the calendar year
40 has been established under said section, then the
41 taxable year means the calendar year;

42 "Taxpayer", includes any person, any corporation
43 acting as fiduciary, any trust or estate subject to a
44 tax imposed by this chapter.

45 *Section 2.* "Gross income", includes gains, profits,
46 and income derived from salaries, wages or compen-
47 sation for personal service, of whatever kind and in
48 whatever form paid, or from professions, vocations,
49 trades, businesses, commerce or sales, or dealings in
50 property, whether real or personal, growing out of the
51 ownership or use of or interest in such property; also
52 from interest, annuities, rent, dividends as hereinafter
53 provided, securities or the transaction of any business
54 carried on for gain or profit, or gains or profits and
55 income derived from any source whatever.

56 The amount of all such items shall be included in
57 the gross income for the taxable year in which re-
58 ceived by the taxpayer.

59 For the purposes of this chapter any securities held
60 in pledge, or on margin or otherwise, by an agent or
61 broker as security for a debt of his principal, whether
62 standing in the name of the principal or any other
63 person, shall be deemed the property of the principal,
64 and the income arising therefrom shall be included
65 in the total income of the principal.

66 Amounts distributed in complete or partial liquida-
67 tion of a corporation or of a partnership, association
68 or trust the beneficial interest in which is represented
69 by transferable certificates of participation or shares
70 shall be regarded as payment in exchange for the
71 stock or shares cancelled or redeemed, and the result-
72 ing gain or loss to the distributee shall be determined
73 as provided in section seven. Such a distribution in
74 partial liquidation means a distribution by a corpora-
75 tion, partnership, association or trust in complete
76 cancellation or redemption of a part of its stock, or
77 one of a series of distributions in complete cancella-
78 tion or redemption of all or a portion of its stock.

79 The term "gross income" does not include the
80 following items which shall be exempt from taxation:

81 (1) The proceeds of life insurance policies and
82 contracts paid upon the death of the insured to
83 individual beneficiaries, including a partnership, or
84 to the estate of the insured;

85 (2) The amount received by the insured as a
86 return of premium or premiums paid by him under
87 his insurance, endowment or annuity contracts,
88 either during the term or at the maturity of the term
89 mentioned in the contract or upon the surrender of
90 the contract;

91 (3) The value of property acquired by gift, be-
92 quest, devise or descent (but the income of such
93 property shall be included in gross income);

94 (4) Amounts received, through accident or health
95 insurance or under workmen's compensation laws, as
96 compensation for personal injuries or sickness, and
97 the amount of any damages received, whether by
98 suit or agreement, on account of personal injuries or
99 sickness;

100 (5) Shares of new stock of the corporation issuing

101 the same received as a stock dividend, when received;
102 (6) Income which is exempt by the constitution
103 and laws of the United States from taxation under
104 this chapter;

105 (7) Income received from land classified under
106 chapter sixty-one;

107 (8) Such part of the income received by trustees
108 or other fiduciaries as is payable to or accumulated
109 for persons not inhabitants of the commonwealth
110 when such income is received except as otherwise
111 provided in section ten;

112 (9) The income from bonds, notes or certificates
113 of indebtedness of the commonwealth issued between
114 January first nineteen hundred and six and July first
115 , or from bonds, notes or certi-
116 cates of indebtedness of any political subdivision
117 thereof issued between May first, nineteen hundred
118 and eight and July first, , stating
119 on their face that they are exempt from taxation in
120 Massachusetts, shall not be included; but the income
121 from all such bonds, notes or certificates of indebted-
122 ness issued after said July first shall be included and
123 computed in the taxes imposed by this chapter;

124 (10) Annuities or pensions paid by a town in this
125 commonwealth on account of service in the police
126 or fire department;

127 (11) Retirement allowances, pensions or similar
128 payments otherwise exempt by law, and all sums
129 exempt as aforesaid by virtue of their being deducted
130 from wages as contributions to an annuity, pension or
131 endowment fund.

132 *Section 3.* There shall be assessed, levied, collected
133 and paid for each taxable year by every inhabitant
134 of the commonwealth a tax upon net income as

135 hereinbefore defined and computed at the following
136 rates, after deducting the credits provided in section
137 five:

138 On the first five thousand dollars of taxable income
139 or any part thereof, one per cent;

140 On the next five thousand dollars of taxable income
141 or any part thereof, one and one half per cent;

142 On the next fifteen thousand dollars of taxable
143 income or any part thereof, two per cent;

144 On all taxable income in excess of twenty-five
145 thousand dollars, three per cent.

146 The tax imposed hereby shall apply only to income
147 received by individuals who are at the time of receipt
148 inhabitants of the commonwealth except as provided
149 in the case of fiduciaries by section ten and in the
150 case of partnerships by section fourteen, and shall
151 not apply to income when received by corporations
152 while acting otherwise than in a fiduciary capacity,
153 nor to the income of property of an unincorporated
154 association or organization when such property is
155 exempt from taxation under clause seventh, eighth,
156 ninth, tenth or thirteenth of section five of chapter
157 fifty-nine. Income received by an unincorporated
158 association, partnership or trust the beneficial interest
159 in which is represented by transferable certificates of
160 participation or shares, which is the measure of a
161 tax under chapter sixty-three shall be taxable under
162 this chapter after distribution in the hands of the dis-
163 tributees, but only to the extent actually distributed.

164 *Section 4.* In computing net income there shall be
165 allowed as deductions from gross income:

166 (1) All the ordinary and necessary expenses paid
167 or incurred during the taxable year in carrying on any
168 trade or business, including a reasonable allowance

169 for salaries or other compensation for personal serv-
170 ices actually rendered, and including rentals or other
171 payments required to be made as a condition to the
172 continued use or possession, for the purposes of the
173 trade or business, of property to which the taxpayer
174 has not taken or is not taking title or in which he has
175 no equity;

176 (2) All interest paid or accrued during the taxable
177 year on indebtedness;

178 (3) All taxes paid or accrued within the taxable
179 year in respect of income, property or business, except
180 inheritance taxes, but not including those assessed
181 against local benefits of a kind tending to increase the
182 value of the property assessed;

183 (4) Losses sustained and liabilities incurred during
184 the taxable year, and not compensated for by insur-
185 ance or otherwise, if incurred in trade or business;

186 (5) Losses sustained and liabilities incurred during
187 the taxable year and not compensated for by insur-
188 ance or otherwise, if incurred in any transaction
189 entered into for profit, though not connected with
190 the trade or business;

191 (6) Losses sustained and liabilities incurred during
192 the taxable year of property not connected with the
193 trade or business, if arising from fires, storms, ship-
194 wreck or other casualty, or from theft, and if not
195 compensated for by insurance or otherwise;

196 (7) Debts ascertained to be worthless and charged
197 off within the taxable year if the amount has pre-
198 viously been included in gross income in a return
199 under this chapter or corresponding provisions of
200 earlier laws;

201 (8) A reasonable allowance for the exhaustion,
202 wear and tear of property used in the trade or busi-

203 ness, including a reasonable allowance for obsoles-
204 cence.

205 The following items are not deductible in ascertain-
206 ing net income:

207 (1) Personal, living or family expenses.

208 (2) Any amount paid out for new buildings or for
209 permanent improvements or betterments made to
210 increase the value of any property or estate.

211 (3) Any amount expended in restoring property
212 for which an allowance is or has been made.

213 (4) Premiums paid on any life insurance policy
214 covering the life of any employee or of any person
215 financially interested in any trade or business carried
216 on by the taxpayer, when the taxpayer is directly or
217 indirectly a beneficiary under such policy.

218 *Section 5.* In determining the amount of net
219 income subject to tax, there shall be deducted from
220 the net income ascertained as above provided, the
221 following credits:

222 (a) In the case of a single person, a personal exemp-
223 tion of fifteen hundred dollars; or

224 (b) In the case of the head of a family or a married
225 person living with husband or wife, a personal exemp-
226 tion of three thousand dollars.

227 (c) A husband and wife living together shall receive
228 but one personal exemption of three thousand dollars
229 against their aggregate net income; and in case they
230 make separate returns, the personal exemption of
231 three thousand dollars may be taken by either or
232 divided between them.

233 (d) Two hundred and fifty dollars for each person
234 (other than husband or wife) dependent upon and
235 receiving his chief support from the taxpayer, if such
236 dependent person is under twenty-one years of age

237 or is incapable of self-support because mentally or
238 physically defective.

239 *Section 6.* Persons who customarily estimate
240 their income and expenditure on a basis other than
241 that of actual cash receipts and disbursements may,
242 with the approval of the commissioner, compute
243 upon a similar basis their income taxable under this
244 chapter. Persons who customarily estimate their
245 income and expenditure on the basis of an established
246 fiscal year instead of on that of the calendar year,
247 may, with the approval of the commissioner, and
248 subject to such rules and regulations as he may
249 establish, return their income taxable under this
250 chapter on the basis of such fiscal year in lieu of that
251 of the calendar year. If a taxpayer with the consent
252 of the commissioner changes his accounting period,
253 he shall, in such time and manner as the commissioner
254 may stipulate by rule or regulation, make return of his
255 income for the period intervening between the end of
256 his former accounting period and the beginning of his
257 new accounting period, in which return the credits
258 provided in section five shall be reduced to amounts
259 which bear the same ratio to the full credits provided
260 in said section as the number of months in such
261 period bears to twelve months.

262 *Section 7.* For the purpose of ascertaining the
263 gain or loss from the sale or other disposition of real
264 or personal property, the basis of determination, in
265 case of property owned on January first, nineteen
266 hundred and sixteen, shall be the fair market value
267 on that date, and in case of property acquired by
268 purchase thereafter, the cost thereof. If the property
269 other than stock dividends in new stock of the com-
270 pany issuing the same was acquired otherwise than

271 by purchase, the basis of determination of the gain
272 or loss shall be the fair market value on the date
273 when it was so acquired.

274 When shares of new stock of the company issuing
275 the same received as a stock dividend or shares of
276 stock which were the basis of such stock dividend
277 are sold, the basis of determination of the gain or loss
278 shall be the cost, or fair market value when acquired
279 otherwise than by purchase, of the stock which was
280 the basis of such stock dividend apportioned over
281 the old and new shares of such company held after
282 the receipt of such stock dividend. In this para-
283 graph, the word "company" shall include a partner-
284 ship, trust or association the beneficial interest in
285 which is represented by transferable certificates of
286 participation or shares.

287 *Section 8.* When property is exchanged for other
288 property, the property received in exchange shall
289 for the purpose of determining gain or loss be treated
290 as the equivalent of cash to the amount of its fair
291 market value, if any; but if, in any exchange of shares
292 upon the reorganization of one or more corporations
293 or of one or more partnerships, associations or trusts,
294 the beneficial interest in which is represented by
295 transferable shares, the new shares received in ex-
296 change for the shares surrendered represent the same
297 interest in the same assets, or if, upon the organiza-
298 tion of a corporation, all its property is received by
299 transfer from an individual in exchange for substan-
300 tially all its shares, no gain or loss shall be deemed to
301 accrue from the transaction until a further sale or
302 exchange of such new shares, and then only with
303 respect to the shares sold or exchanged.

304 *Section 9.* The estates of deceased persons who

305 last dwelt in the commonwealth shall be subject to
306 the tax imposed by this chapter upon all income re-
307 ceived by such persons during their lifetime, if
308 assessed within the time limited by section thirty.
309 All taxes under this section shall be assessed to the
310 executor or administrator, and before the appoint-
311 ment of an executor or administrator said taxes shall
312 be assessed in general terms to the estate of the
313 deceased, and the executor or administrator subse-
314 quently appointed shall be liable for the tax so
315 assessed to the extent of the assets received by him.
316 No person shall be taxed under this chapter for income
317 received from any executor or administrator which
318 income has itself been taxed under this or the follow-
319 ing section.

320 *Section 10.* The income received by estates of
321 deceased persons who last dwelt in the commonwealth
322 and by estates held in trust by trustees or other
323 fiduciaries, any one of whom is an inhabitant of the
324 commonwealth or has derived his appointment from
325 a court of the commonwealth, shall be subject to the
326 tax imposed by this chapter to the extent that the
327 persons to whom such income is payable, or for whose
328 benefit it is accumulated, are inhabitants of the com-
329 monwealth, and the tax thereon shall not be paid by
330 the fiduciary, but there shall be included in computing
331 the net income of each beneficiary who is an inhabit-
332 ant of the commonwealth the share of the net income
333 of the estate for the taxable year to the extent afore-
334 said, which is payable to him or is accumulated for
335 his benefit, whether distributed or not, or which in
336 the discretion of the fiduciary is paid to him, or, if
337 his net income for such taxable year is computed upon
338 the basis of a period different from that upon the

339 basis of which the net income of the estate is com-
340 puted, then his distributive share of the net income of
341 the estate to the extent aforesaid for any accounting
342 period of such estate ending within the fiscal or
343 calendar year upon the basis of which such benefi-
344 ciary's net income is computed. The net income of an
345 estate shall be computed in the same manner and on
346 the same basis as is provided in this chapter for
347 individual taxpayers. Income accumulated in trust
348 for the benefit of unborn or unascertained persons or
349 persons with contingent interests shall also be subject
350 to the tax imposed by this chapter, and such tax
351 shall be assessed to and paid by the fiduciary who
352 shall be allowed on account of such income the same
353 credit as is allowed a single person under section five.
354 This section shall not apply to a trust taxable under
355 chapter sixty-three, the beneficial interest in which
356 is represented by transferable certificates of participa-
357 tion or shares.

358 *Section 11.* Corporations acting as trustee or in
359 any other fiduciary capacity shall, with respect to the
360 income received by them in that capacity, be subject
361 to this chapter in the same manner and under the
362 same conditions as individual inhabitants of the
363 commonwealth acting in similar capacities, except
364 that no such corporation shall be itself taxed on
365 account of any intangible property the income of
366 which would be taxable hereunder if received by an
367 individual inhabitant, or on account of the income
368 derived from such property, if such property is held
369 by such corporation solely as mortgagee or pledgee
370 to secure the payment of bonds, notes or other
371 evidences of indebtedness the interest on which is
372 taxable hereunder to such individual inhabitants of

373 the commonwealth as receive it or the principal of
374 which is exempt from taxation under laws other than
375 this chapter.

376 *Section 12.* Every corporation liable for taxes
377 under the preceding section shall make the returns,
378 and the officers thereof shall be subject to the penal-
379 ties, prescribed by this chapter.

380 *Section 13.* For the purpose of facilitating the
381 final settlement and distribution of estates held by
382 trustees and other fiduciaries, the commissioner,
383 with the approval of the attorney general, may on
384 behalf of the commonwealth agree on the amount of
385 taxes at any time due or to become due from such
386 estates under this chapter, and payment in accord-
387 ance with such agreement shall be full satisfaction.
388 of the taxes to which the agreement relates.

389 *Section 14.* Individuals carrying on business in
390 partnership shall be liable for income tax only in
391 their individual capacity. There shall be included
392 in computing the net income of each partner his
393 distributive share, whether distributed or not, of the
394 net income of the partnership for the taxable year.
395 The net income of the partnership shall be computed
396 in the same manner and on the same basis as pro-
397 vided in computing the net income of individuals,
398 but the credits provided by section five shall be
399 allowed only to the individual partners. This section
400 shall not apply to a partnership taxable under chapter
401 sixty-three, the beneficial interest in which is repre-
402 sented by transferable certificates of participation or
403 shares.

404 *Section 15. (a)* The following individuals shall
405 each make under the penalties of perjury a return
406 stating specifically the items of his gross income and

407 the deductions and credits allowed under this chap-
408 ter:

409 (1) Every individual having a net income for the
410 taxable year of fifteen hundred dollars or over, if
411 single, or if married and not living with husband or
412 wife;

413 (2) Every individual having a net income for the
414 taxable year of three thousand dollars or over if
415 married and living with husband or wife; and

416 (3) Every individual having a gross income for the
417 taxable year of five thousand dollars or over, regard-
418 less of the amount of his net income.

419 (b) If a husband and wife living together have an
420 aggregate net income for the taxable year of three
421 thousand dollars or over, or an aggregate gross in-
422 come for such year of five thousand dollars or over:

423 (1) Each shall make such a return; or

424 (2) The income of each shall be included in a
425 single joint return, in which case the tax shall be
426 computed on the aggregate income;

427 (c) If the taxpayer is unable to make his own
428 return, the return shall be made by a duly authorized
429 agent or by the guardian or other person charged
430 with the care of the person or property of such
431 taxpayer.

432 *Section 16.* Every fiduciary who is an inhabitant
433 of the commonwealth or who derived his appointment
434 from a court of the commonwealth (except receivers
435 appointed by authority of law in possession of part
436 only of the property of an individual) shall make
437 under the penalties of perjury a return for each tax-
438 able year for the individual, estate or trust for which
439 he acts, and shall include in the return the name and
440 address of each person to whom any share of the

441 income of the estate or trust is payable or for whose
442 benefit any share thereof is accumulated and a state-
443 ment of the amount of each such person's share,
444 whether or not distributed before the close of the
445 taxable year. Fiduciaries required to make returns
446 shall be subject to all the provisions of this chapter
447 which apply to individuals.

448 *Section 17.* Every partnership, other than one
449 the beneficial interest in which is represented by
450 transferable certificates of participation or shares,
451 doing business in the commonwealth shall make a
452 return for each taxable year stating specifically the
453 items of its gross income and the deductions allowed,
454 and shall include in the return the names and ad-
455 dresses of the individuals who would be entitled to
456 share in the net income if distributed, and the amount
457 of the distributive share of each partner. The return
458 shall be made by any one of the partners, under the
459 penalties of perjury.

460 *Section 18.* Returns shall be in such form as the
461 commissioner may from time to time prescribe, and
462 shall be filed on or before the fifteenth day of the
463 third month following the end of the taxable year.
464 Returns shall be filed with the income tax assessor
465 for the district where the taxpayer resides or has his
466 principal place of business or, at the option of the tax-
467 payer, with the commissioner.

468 *Section 19.* The commissioner shall prepare blanks
469 for the returns required by sections fifteen to eight-
470 een, inclusive, and shall cause them to be distributed
471 throughout the commonwealth; but no person shall
472 be excused from making the return by failure of the
473 commissioner to send or give one of the blanks to him.

474 *Section 20.* The commissioner shall annually give
475 seasonable notice of the requirements of sections

476 fifteen to eighteen, inclusive, by posting or in any
477 other suitable manner, not later than January
478 fifteenth, in every city and town in the common-
479 wealth.

480 *Section 21.* If the commissioner shall, from infor-
481 mation derived from the return or otherwise, be of
482 opinion that any person whose income is taxable
483 under this chapter may have failed to file a return,
484 or to include in a return filed, either intentionally or
485 through error, all the sources of his taxable income,
486 he may require from such person a return or a sup-
487 plementary return made under the penalties of per-
488 jury, in such form in each individual instance as the
489 commissioner prescribes, of all the sources from which
490 the taxpayer received any income, whether or not
491 taxable under this chapter in the year for which the
492 return was made. If from a supplementary return
493 or otherwise the commissioner finds that any sources
494 of taxable income have been omitted from the
495 original return, he may require the amount of income
496 from each source of taxable income so omitted to be
497 disclosed to him under the penalties of perjury by the
498 person liable for the tax and added to the original
499 return. Such supplementary return and the correc-
500 tion of the original return shall not relieve the person
501 making the same from any of the penalties to which
502 he may be liable under any provision of this chapter.
503 The commissioner may proceed under any provision
504 of sections twenty-three and twenty-eight to thirty,
505 inclusive, whether or not he requires a return or a
506 supplementary return under this section.

507 *Section 22.* In case of sickness, absence or other
508 disability, the commissioner may allow further time
509 for filing any return required by this chapter.

510 *Section 23.* In order to verify any return made

511 pursuant to this chapter the commissioner may,
512 within two years after September first of the year
513 in which such return was due, if he has reason to
514 believe the return to be fraudulent or incorrect,
515 direct by special authorization a deputy or other
516 agent to verify the return; and for the purpose of
517 such verification the books and papers of the person
518 shall be open to the examining officer, or shall be
519 produced for the purpose upon a summons, which the
520 commissioner, or the examining officer, may issue.
521 The person making the return may be examined by
522 such officer on oath.

523 *Section 24.* If any person fails to file, on or before
524 May first of any year, a return required by this
525 chapter, any justice of the superior court, on petition
526 of the commissioner or the income tax assessor for
527 the district where such person is required to file the
528 return, or of any ten taxable inhabitants of the com-
529 monwealth, shall issue a writ of mandamus requiring
530 such person to file the return. The order of notice
531 on the petition shall be returnable not later than ten
532 days after the filing thereof. The petition shall be
533 heard and determined on the return day or on such
534 day thereafter as the court shall fix, having regard to
535 the speediest possible determination of the cause
536 consistent with the rights of the parties. The judg-
537 ment shall include costs in favor of the prevailing
538 party. All writs and processes may be issued from
539 the clerk's office in any county, and, except as afore-
540 said, shall be returnable as the court orders.

541 *Section 25.* Returns shall be open to the inspec-
542 tion of the commissioner, and his deputies, assistants
543 and clerks when acting under his authority, the
544 director, and the income tax assessors, and their

545 deputies, assistants and clerks when acting under
546 their authority. The books, accounts and other
547 records in the hands of the commissioner, except
548 returns, shall be open to the inspection of the state
549 auditor, and his deputies, assistants and clerks when
550 acting under his authority for the purpose of auditing
551 the accounts of the commissioner. Said returns shall
552 be preserved for two years, and thereafter until the
553 commissioner orders them destroyed. The commis-
554 sioner shall, on request of any inhabitant of the
555 commonwealth, state whether or not any designated
556 person has filed an income tax return for the current
557 or any prior year.

558 *Section 26.* Every employer, being an inhabitant
559 of the commonwealth or having a place of business
560 therein, shall file annually with the commissioner a
561 return in such form as he shall from time to time
562 prescribe, giving the names and addresses of all
563 regular employees residing in the commonwealth to
564 whom said employer has paid wages, salary or other
565 compensation in excess of the sum of fifteen hundred
566 dollars during the preceding calendar year, and may
567 give the amount paid to each. In any individual
568 case, upon request of the commissioner, the exact
569 wages, salary or other compensation shall be stated.

570 Every corporation and every partnership, associa-
571 tion or trust the beneficial interest in which is repre-
572 sented by transferable certificates of participation or
573 shares, doing business in the commonwealth, shall
574 annually file with the commissioner in such form as
575 he shall from time to time prescribe, a complete list
576 of the names and addresses of its shareholders, as of
577 record on December thirty-first of the preceding
578 year, or on any other date satisfactory to the com-

579 missionary, or, in its discretion of such shareholders
580 as are residents of the commonwealth, together with
581 the number and class of shares held by each share-
582 holder and the rate of dividends paid on each class of
583 stock for such preceding year.

584 Every corporation, partnership, association or
585 trust doing business in the commonwealth shall report
586 annually to the commissioner, in such form as he
587 shall from time to time prescribe, the names and
588 addresses of all residents of the commonwealth to
589 whom it has paid interest during the preceding calen-
590 dar year on its bonds, notes or other evidences of
591 indebtedness, and to whom it has paid any annuities,
592 pensions or retirement allowances, except, however,
593 interest coupons payable to bearer. In any individual
594 case, any such corporation, partnership, association
595 or trust shall, upon request of the commissioner,
596 state the respective amounts of interest and annui-
597 ties, pensions or retirement allowances, so paid by
598 it to any person during any calendar year.

599 The returns, lists and reports required by this
600 section shall be made on or before March fifteenth in
601 each year; but the commissioner may authorize
602 them to be made at any other date and in connection
603 with any other reports or returns that said individ-
604 uals, partnerships, associations, trusts and corpora-
605 tions may be required to file with him.

606 *Section 27.* The treasurer of every city, town and
607 county, and the comptroller, shall, annually not later
608 than April tenth, in the form prescribed by the com-
609 missioner, furnish to him names and addresses of all
610 employees of said cities, towns, counties and of the
611 commonwealth, respectively, receiving during the
612 preceding calendar year as salary, wages, or other-
613 wise, amounts exceeding fifteen hundred dollars in

614 each case, together with the amount received by
615 each.

616 *Section 28.* Not less than one half of the tax
617 imposed under this chapter shall be due and payable,
618 in advance of assessment by the commissioner, at the
619 time the return of income is required to be filed, and
620 the remainder, as determined by such assessment,
621 on October first following. The commissioner shall
622 determine from the returns required by this chapter,
623 or in any other manner, the income of every person
624 taxable thereunder, and shall assess thereon the tax
625 hereby provided, giving proper credit to the taxpayer
626 for any amount thereof paid in advance as aforesaid
627 and including as a part of the tax assessed interest
628 upon any deficiency of the amount of the tax required
629 to be paid in advance of assessment, at the rate of
630 six per cent per annum from the date when payable
631 to said October first. The commissioner shall not
632 determine the income of a person who has filed a
633 return in accordance with sections fifteen to eighteen,
634 inclusive, within the time prescribed by law to be
635 in excess of that disclosed by such return, without
636 notifying such person and giving him an opportunity
637 to explain the apparent incorrectness of his return.

638 *Section 29.* If any person who has failed to file a
639 return, or has filed an incorrect or insufficient return,
640 and has been notified by the commissioner of his
641 delinquency, refuses or neglects within twenty days
642 after such notice to file a proper return, or if any
643 person files a fraudulent return, the commissioner
644 shall determine the income of such person, taxable
645 under this chapter, according to his best information
646 and belief, and assess the same at not more than
647 double the amount so determined.

648 *Section 30.* If the commissioner finds from the

649 verification of the return, or otherwise, that the in-
650 come of any person subject to taxation under this
651 chapter or any portion thereof has not been assessed,
652 he may, at any time within two years after Septem-
653 ber first of the year in which such assessment should
654 have been made, assess the same, first giving notice
655 to the person so to be assessed of his intention, and
656 such person shall thereupon have an opportunity
657 within ten days after such notification to confer with
658 the commissioner in person or by counsel or other
659 representative as to the proposed assessment. After
660 the expiration of ten days from such notification the
661 commissioner shall assess the income of such person
662 subject to taxation, or any portion thereof which he
663 believes has not theretofore been assessed, with
664 interest at six per cent upon each half of such assess-
665 ment from the date it was due and payable under
666 section twenty-eight to the date of assessment, and
667 he shall thereupon give notice in the manner provided
668 in said section thirty-two to the person so assessed,
669 and the tax assessed or unpaid portion thereof with
670 interest as aforesaid shall be payable fourteen days
671 after the date of such notice. The provisions of this
672 chapter in respect to the abatement and collection of
673 taxes shall apply to a tax so assessed. Whenever, in
674 the course of a verification of the returns of a taxpayer
675 under section twenty-three, the commissioner finds
676 that an overpayment of the total amount of taxes
677 due from such taxpayer has been made on any year's
678 return subject to verification, the amount of such
679 overpayment shall be deducted from the amount of
680 any additional tax and interest aforesaid found to be
681 due on any other year's return so verified, and only
682 the net amount thus determined to be due shall be
683 assessed additionally.

684 *Section 31.* The commissioner, with the approval
685 of the attorney general, may from time to time make
686 such rules and regulations, not contrary to this
687 chapter, as he deems necessary to carry out its
688 provisions.

689 *Section 32.* Annually on or before September first
690 the commissioner shall give written notice to every
691 person taxable under this chapter of the amount of
692 the tax assessed to him and the portion thereof
693 remaining unpaid. The notice shall specify the date
694 on which the tax assessed or unpaid portion thereof
695 is due and payable, and it shall be mailed, postage
696 prepaid, addressed to the person assessed at his place
697 of residence or business, or at the address given in
698 his return, or otherwise delivered at such place of
699 residence or business or at such address. All taxes
700 assessed hereunder, including advance payments
701 may be paid at the office of the commissioner in
702 Boston or at the office of the income tax assessor for
703 the district where the taxpayer resides or has his
704 principal place of business, at the option of the tax-
705 payer, and the notice shall state the places at which
706 the tax may be paid. Failure to receive such notice
707 shall not affect the validity of the tax.

708 *Section 33.* All taxes received by the income tax
709 assessors shall be accounted for and turned over to
710 the commissioner as often as once in each week.

711 *Section 34.* If a tax assessed under this chapter,
712 or any portion thereof, remains unpaid after the
713 expiration of fourteen days from the date when due
714 under section twenty-eight, interest at the rate of six
715 per cent per annum from said due date shall be added
716 to and become part of the tax. The commissioner
717 shall have for the collection of taxes assessed under
718 this chapter all the remedies provided by chapter

719 sixty for the collection of taxes on personal estate by
720 collectors of taxes of towns. The officer to whom a
721 warrant for the collection of such a tax is given shall
722 collect said tax and interest upon the same at the
723 rate of six per cent per annum from the time when
724 such tax became due as aforesaid and may collect and
725 receive for his fees the sum which an officer would be
726 entitled by law to receive upon an execution for a
727 like amount. Any action of contract brought to
728 recover any such tax shall be brought in the name of
729 the commonwealth.

730 *Section 35.* If any income taxable under this
731 chapter, received by executors, administrators, trus-
732 tees, or other fiduciaries, is duly assessed to them
733 thereunder and they neglect to pay the same, any
734 such fiduciary shall be personally liable therefor to the
735 commissioner in contract, and may be allowed in his
736 account for the amount paid by him.

737 *Section 36.* Any person aggrieved by the assess-
738 ment of a tax under this chapter may apply to the
739 commissioner for an abatement thereof at any time
740 within six months after the date of the notice of the
741 assessment, or, if he dies during said six months his
742 executor or administrator may apply for such abate-
743 ment within one month after his appointment; and
744 if, after a hearing, the commissioner finds that the
745 tax is excessive in amount or that the person assessed
746 is not subject thereto, he shall abate it in whole or in
747 part accordingly. If the tax has been paid, the state
748 treasurer shall repay to the person assessed the
749 amount of such abatement, with interest thereon at
750 the rate of six per cent per annum from the time when
751 it was paid, but not earlier than October fifteenth
752 next following the date his return was due to be filed,

753 without any appropriation therefor by the general
754 court. The commissioner shall notify the petitioner
755 by registered letter of his decision upon the petition.

756 *Section 37.* No tax assessed on any person liable
757 to taxation under this chapter shall be abated in any
758 event unless the person assessed shall have filed, at
759 or before the time of bringing his petition for abate-
760 ment, a return as required by sections fifteen to
761 eighteen, inclusive; and if he failed without good
762 cause to file his return within the time prescribed by
763 law, or filed a fraudulent return, or, having filed an
764 incorrect or insufficient return, has failed, after
765 notice, to file a proper return, the commissioner shall
766 not abate the tax below double the amount for which
767 the person assessed was properly taxable under this
768 chapter.

769 *Section 38.* Any person aggrieved by the refusal
770 of the commissioner to abate, in whole or in part,
771 under section thirty-six, a tax assessed under this
772 chapter, may appeal therefrom, within thirty days
773 after receiving notice of the decision of the commis-
774 sioner, by filing a complaint with the clerk of the
775 board of appeal from decisions of the commissioner.
776 If, on hearing, said board finds that the person mak-
777 ing the appeal was entitled to an abatement under
778 said section thirty-six from the tax assessed on him,
779 it shall make such abatement as it sees fit. The
780 decision of the board of appeal shall, except as other-
781 wise provided herein, be final and conclusive, and
782 shall be communicated in writing to the petitioner
783 and the commissioner within five days thereafter.
784 Any taxes assessed under this chapter or correspond-
785 ing provisions of earlier laws, which are unpaid and
786 uncollectible, may be abated by the board of appeal

787 on the recommendation of the attorney general and
788 the commissioner at any time after the expiration of
789 five years from the date when the same became
790 payable.

791 *Section 39.* If the tax abated has been paid, the
792 state treasurer shall, upon presentation to him by the
793 petitioner of the notice of the decision of the board,
794 repay to him the amount of the abatement and
795 interest at the rate of six per cent per annum from
796 the time of payment, but not earlier than October
797 fifteenth next following the date his return was due
798 to be filed, without any appropriation therefor by the
799 general court.

800 *Section 40.* Any person aggrieved by the refusal
801 of the commissioner to abate in whole or in part under
802 section thirty-six a tax assessed under this chapter,
803 and who has paid his tax, may, instead of pursuing
804 the remedy provided in section thirty-eight, appeal
805 from such refusal by filing a complaint against the
806 commissioner in the superior court for the county
807 where such person resides or has his principal place
808 of business, or, if such person claims a domicile
809 without the commonwealth, by filing a complaint
810 against the commissioner in the superior court for
811 any county, within thirty days after the notice by
812 the commissioner of his decision in accordance with
813 said section thirty-six. An order of notice shall be
814 issued by said court and served on the commissioner
815 within such time as the court directs, and subsequent
816 proceedings shall be conducted in accordance with
817 sections sixty-five to sixty-eight, inclusive, of chapter
818 fifty-nine. If an abatement is granted, the amount
819 thereof shall be repaid to the complainant by the
820 state treasurer, with costs, and with interest at the

821 rate of six per cent per annum from the time when
822 the tax was paid, but not earlier than October fifteenth
823 next following the date his return was due to be filed,
824 without any appropriation therefor by the general
825 court.

826 *Section 41.* The remedies provided by sections
827 thirty-six to forty, inclusive, shall be exclusive,
828 whether or not the tax is wholly illegal. But the
829 word "exclusive" in this section shall not be con-
830 strued to deprive any person of a right of action at
831 law in any federal court.

832 *Section 42.* If any part, subdivision or section of
833 this chapter shall be declared unconstitutional, the
834 validity of its remaining provisions shall not be
835 affected thereby.

836 *Section 43.* If any person required to file a return
837 under this chapter fails to file the return within the
838 time prescribed therein, the sum of five dollars for
839 every day during which such person is in default
840 shall be added to, and become part of the tax, as an
841 additional tax; but the commissioner may, in his
842 discretion, abate any such additional tax in whole
843 or in part.

844 *Section 44.* Whoever files a fraudulent return, and
845 whoever having failed to file a return or having filed
846 an incorrect or insufficient return without reasonable
847 excuse fails to file a return within twenty days after
848 receiving notice from the commissioner of his delin-
849 quency, shall be punished by a fine of not less than
850 one hundred nor more than ten thousand dollars, or
851 by imprisonment for not more than one year, or both,
852 and shall forfeit his right to hold public office any-
853 where within the commonwealth for such period,
854 not exceeding five years, as the court determines.

855 *Section 45.* Any individual, partnership, associa-
856 tion, trust or corporation failing without reasonable
857 excuse to file a return, list or report, or otherwise
858 give information, as required by section twenty-six,
859 shall be punished by a fine of not less than twenty-
860 five nor more than five hundred dollars.

861 *Section 46.* The disclosure by the commissioner,
862 or by any deputy, assistant, clerk or assessor, or
863 other employee of the commonwealth, or of any city
864 or town therein, to any person but the taxpayer or
865 his agent, of any information whatever contained in
866 or set forth by any return filed under this chapter,
867 other than the name and address of the person filing
868 it, except in proceedings to collect the tax or for the
869 purpose of criminal prosecution under this chapter,
870 shall be punished by a fine of not more than one
871 thousand dollars, or by imprisonment for not more
872 than six months, or both, and by disqualification
873 from holding office for such period, not exceeding
874 three years, as the court determines.

875 *Section 47.* Section twenty-four and the penal-
876 ties provided by sections forty-three and forty-four
877 shall apply to individuals and corporations acting in
878 any fiduciary capacity. In the case of a corporation,
879 the penalty may be imposed on the corporation, on
880 the officers whose duty it was to make the return, or
881 on both.

882 *Section 48.* In the case of a partnership one or
883 more members of which are inhabitants of the com-
884 monwealth and which has a usual place of business
885 in the commonwealth, the penalties imposed by this
886 chapter may be inflicted upon any member of the
887 partnership who is an inhabitant of the common-
888 wealth and who has any active part in the manage-

889 ment of the affairs of the partnership, and if there is
890 no such member, upon the persons in charge of its
891 affairs in this commonwealth. In the case of a part-
892 nership, association or trust, the beneficial interest
893 in which is represented by transferable certificates of
894 participation or shares, the penalties imposed by this
895 chapter for failure to file a return, list or report may
896 be inflicted upon the trustees, managers or officers
897 whose duty it was to make the return.

1 SECTION 2. Chapter fifty-eight of the General
2 Laws, as amended in section eighteen by section two
3 of chapter fifty-four of the acts of nineteen hundred
4 and twenty-two, by section one of chapter two hun-
5 dred and twenty-two of the acts of nineteen hundred
6 and twenty-four and by section one of chapter two
7 hundred and twenty-two of the acts of nineteen hun-
8 dred and twenty-seven, is hereby further amended
9 by striking out said section eighteen and inserting
10 in place thereof the following:—

11 *Section 18.* The state treasurer shall annually
12 on or before April first distribute and pay the amounts
13 of taxes on incomes under chapter sixty-two thereto-
14 fore collected by the commonwealth, including
15 interest, to the several cities, towns and districts in
16 proportion to the amount of the last preceding state
17 tax imposed upon each of them and shall annually
18 on or before November twentieth distribute and pay
19 to such cities, towns and districts in the same pro-
20 portion the balance of such taxes collected after
21 said April first including interest, after deducting a
22 sum sufficient to reimburse the commonwealth for
23 the expenses incurred in the collection and distribu-
24 tion of said tax and for such taxes paid under said

25 chapter sixty-two as have been refunded under said
26 chapter or section twenty-seven of this chapter
27 during the then current year, together with any
28 interest or costs paid on account of refunds, which
29 shall be retained by the commonwealth, and a
30 sufficient sum to be distributed under part I of
31 chapter seventy.

1 SECTION 3. Said chapter fifty-eight is hereby
2 further amended by striking out section nineteen and
3 inserting in place thereof the following: —

4 *Section 19.* Annually on or before August first
5 the commissioner shall upon the basis of the infor-
6 mation then in his possession, notify the assessors
7 of each city and town of the amount it is to receive
8 in any distribution of the tax upon income to be made
9 after said date. Said assessors, in determining the
10 rate of taxation to be levied on taxable property for
11 the year, shall include in the estimated receipts law-
12 fully applicable to the payment of expenditures the
13 aforesaid amount.

1 SECTION 4. Section five of chapter fifty-nine of
2 the General Laws, as most recently amended by sec-
3 tions three and four of chapter three hundred and
4 seventy-nine of the acts of nineteen hundred and
5 twenty-eight, is hereby further amended by striking
6 out clauses twenty-seventh to thirty-fifth, inclusive,
7 and inserting in place thereof the following: —

8 Twenty-seventh, Intangible property the income
9 of which is taxable under chapter sixty-two.

10 Twenty-eighth, Deposits in savings banks char-
11 tered by the commonwealth or in the Massachusetts

12 Hospital Life Insurance Company, or in the savings
13 department of any trust company so chartered.

14 Twenty-ninth, Capital stock and personal prop-
15 erty of co-operative banks.

16 Thirtieth, Intangible property, the income of which
17 is not taxable under chapter sixty-two, held by any
18 fiduciary in the commonwealth.

19 Thirty-first, Motor vehicles subject to taxation
20 under the provisions of chapter sixty A.

ANALYSIS OF THE PROVISIONS OF THE PROPOSED NEW CHAPTER 62, TAXATION OF PERSONAL INCOMES, WHICH IS SUBMITTED HEREWITH.

Section of the Proposed Chapter.	Subject Matter.	Section of Existing Chap- ter 62, as Most Recently amended.
§ 1	Definition section based in part on New York personal income tax law and on the federal income tax law.	
§ 2	Definition of gross income is based on New York and federal law, with express provision for excluding stock dividends on account of Massachusetts decisions and express provision for including income from annuities.	
	The third paragraph	§ 1 (f)
	The fourth paragraph is adapted from the federal law.	
	Paragraphs numbered (1) to (4), inclusive, are based on New York and federal law.	
	Paragraph (5) exempts stock dividends, when received, and (6) is an exemption of income which is exempt by the Constitution and laws of the United States.	
	Paragraphs (7) and (8)	§ 8 (c), § 8 (d)
	Paragraph (9)	§ 1 (a), Second, in part
	Note. — This removes the exemption from taxation of income from our state and municipal securities after a date to be fixed.	
	Paragraph (10)	§ 8 (f)
	Paragraph (11)	§ 8 (g)
§ 3	Based on New York and federal law and also includes exemptions	§ 8 (b), § 8 (e)
§ 4	Based on New York and federal law.	
§ 5	Based on New York and federal law	see § 5 (b), § 6 (A), § 8 (a)
§ 6	Last sentence is from the federal law	§ 7
§ 7	. . . . .	§ 5 (c) and § 7 in part
§ 8	In part new	§ 5 (c) in part
§ 9	. . . . .	§ 9
§ 10	Adapting our present law to a graded income tax by requiring payment by the beneficiaries instead of the fiduciaries	§ 9 and § 10
§ 11	. . . . .	§ 14
§ 12	. . . . .	§ 15
§ 13	. . . . .	§ 16
§ 14	Based on New York law.	
§ 15	Based on federal law.	
§ 16	Based on New York law.	
§ 17	Based on New York law.	
§ 18	. . . . .	§ 24
§ 19	. . . . .	§ 26
§ 20	. . . . .	§ 27
§ 21	. . . . .	§ 28

Section of the Proposed Chapter.	Subject Matter.	Section of Existing Chap- ter 62, as Most Recently amended.
§ 22	.	§ 29
§ 23	.	§ 30
§ 24	Provides for a writ of mandamus to the Superior Court instead of the Supreme Judicial Court, to require a person to file a return	§ 31
§ 25	.	§ 32
§ 26	.	§ 33
§ 27	.	§ 34
§ 28	With new provisions providing for the payment of not less than half the tax at the time of the return	§ 35
§ 29	.	§ 36
§ 30	.	§ 37
§ 31	New provision requiring approval of rules and regulations by attorney general	§ 38
§ 32	.	§ 39
§ 33	.	§ 40
§ 34	.	§ 41
§ 35	.	§ 42
§ 36	.	§ 43
§ 37	.	§ 44
§ 38	.	§ 45
§ 39	.	§ 46
§ 40	.	§ 47
§ 41	.	§ 48
§ 42	.	§ 54
§ 43	.	§ 55
§ 44	.	§ 56
§ 45	.	§ 57
§ 46	.	§ 58
§ 47	.	§ 59
§ 48	.	§ 60

Section 2 of the bill amends section 18 of chapter 58 of the General Laws and makes provision for early distribution of the proceeds of the tax resulting from payment of a part thereof at the time of filing the return.

Section 3 of the bill amends section 19 of said chapter 58 to correspond with the preceding amendment.

Section 4 of the bill amends section 5 of chapter 59 of the General Laws so as to bring the exemptions from local taxation into harmony with the proposed chapter 62.

DISPOSITION OF PRESENT CHAPTER 62, GENERAL LAWS, AS MOST RECENTLY AMENDED.

Section of Existing Law.	Subject Matter.	Section of Proposed New Chapter.
§ 1	In the main omitted, because all classes of income are taxable under § 3 of the bill when received, including rents and interest on real estate mortgages and interest on our state and municipal bonds, etc., after a certain date to be established, but excluding stock dividends when received. But for § 1 (a) Second, see § 2 of the bill. And for § 1 (f), see § 2 of the bill.	
§ 2	Omitted because New York and federal law systems of deductions are adopted in the bill.	
§ 3	Omitted because New York and federal law systems of deductions are adopted in the bill.	
§ 4	Omitted.	
§ 5	Omitted. See, <i>supra</i> , note to § 1, but for part of § 5 (c) relating to stock dividends, see second paragraph of § 7 of the bill; and for part of § 5 (c) relating to reorganization of corporations, see § 8 of bill.	
§ 6	See, <i>supra</i> , note to § 2, except clause (h) thereof, in which case see § 5 (d) of the bill.	
§ 7		§ 6 and § 7
§ 8	Clause (a) omitted. See § 2 (7), § 2 (8), § 2 (10), § 2 (11), § 3	
§ 9		§ 9 and § 10
§ 10	Part relative to deductions omitted	§ 10
§ 11	Omitted.	
§ 12		
§ 13		
§ 14		§ 11
§ 15		§ 12
§ 16		§ 13
§§ 17 to 21, inclusive.	Omitted. Under the proposed bill the partners pay the tax instead of the partnerships. Partnerships, associations and trusts, the beneficial interest in which is represented by transferable shares, are taken care of in a different manner.	
§ 22, § 23	Omitted because of adoption of New York and federal system of returns.	
§ 24		§ 18
§ 25	Omitted, see note to §§ 22, 23, <i>supra</i> .	
§ 26		§ 19
§ 27		§ 20
§ 28		§ 21
§ 29		§ 22
§ 30		§ 23

Section of Existing Law.	Subject Matter.	Section of Proposed New Chapter.
§ 31		§ 24
§ 32		§ 25
§ 33		§ 26
§ 34		§ 27
§ 35		§ 28
§ 36		§ 29
§ 37		§ 30
§ 38		§ 31
§ 39		§ 32
§ 40		§ 33
§ 41		§ 34
§ 42		§ 35
§ 43		§ 36
§ 44		§ 37
§ 45		§ 38
§ 46		§ 39
§ 47		§ 40
§ 48		§ 41
§§ 49 to 53, inclusive. Omitted.		
§ 54		§ 42
§ 55		§ 43
§ 56 Last sentence omitted		§ 44
§ 57		§ 45
§ 58		§ 46
§ 59		§ 47
§ 60		§ 48

APPENDIX B.

ORDERS.

Whereas, There is pending before the General Court a bill entitled "An Act imposing a general graded tax on personal incomes," printed as Appendix A, in House Document No. 1075, a copy of which is hereto annexed; and

Whereas, Doubt exists as to the constitutionality of said bill if enacted into law; therefore be it

Ordered, That the opinions of the Honorable the Justices of the Supreme Judicial Court be required on the following important questions of law:

1. In imposing taxes on incomes, may the general court, conformably to the provisions of the Constitution of the Commonwealth, provide for the grading of said taxes in respect to the amount of income received?

2. May the General Court, conformably to the provisions of the Constitution of the Commonwealth, impose graded taxes on incomes substantially as provided in section 3 of said bill?

3. Would any provision of said section 3 contravene the Constitution of the United States?

Whereas, There is pending before the General Court a bill entitled "An Act imposing excise taxes measured by income and otherwise upon certain corporations and analogous forms of organization," printed as Appendix D, in House Document No. 1075, a copy of which is hereto annexed; and

Whereas, Doubt exists as to the constitutionality of said bill if enacted into law; therefore be it

Ordered, That the opinions of the Honorable the Justices of the Supreme Judicial Court be required on the following important questions of law:

1. May the General Court, conformably to the provisions of the Constitution of the Commonwealth, levy an excise tax on

the transaction of business by associations, partnerships and trusts, the beneficial interest in which is represented by transferable certificates of participation or shares?

2. Is the transaction of business by an association, partnership or trust the beneficial interest in which is represented by transferable certificates of participation or shares, a "commodity" within the meaning of Art. IV of Section I of Chapter I of Part the Second of the Constitution of the Commonwealth authorizing the General Court "to impose and levy reasonable duties and excises upon any produce, goods, wares, merchandise, and commodities, whatsoever, brought into, produced, manufactured, or being within the same"?

3. May the General Court, conformably to the provisions of the Constitution of the Commonwealth, levy an excise tax on such associations, partnerships and trusts, substantially as provided in section 4 of said bill?

4. Would any provision of said section 4 contravene the Constitution of the United States?

APPENDIX C.

PROPOSAL FOR A LEGISLATIVE AMENDMENT OF
THE CONSTITUTION RELATIVE TO THE AU-
THORITY OF THE GENERAL COURT TO LEVY
EXCISE TAXES.

A joint session of the senate and house of representatives hereby declares it to be expedient to alter the constitution by the adoption of the following article of amendment, to the end that it may become a part of the constitution if similarly agreed to in a joint session of the next general court and approved by the people at the state election next following: —

ARTICLE OF AMENDMENT.

Full power and authority are hereby given and granted to the general court to impose and levy reasonable duties and excises upon the receipt of income, from whatever source derived, and also upon the transaction of business by corporations, unincorporated associations, partnerships, trusts or otherwise, measured by the amount of income received or other reasonable method. Such duties and excises may be graded in respect to the amount of income received, or classified, or both, but all such duties and excises shall be uniform throughout the commonwealth. Reasonable exemptions may, in the discretion of the general court, be granted therefrom, and also, in connection with the imposition and levying of such duties and excises, from the imposition and levying of proportional and reasonable assessments, rates and taxes, as to any class of property. The power to impose and levy duties and excises under this article shall not be affected by any limitation or restriction applicable to the imposition and levying of proportional and reasonable assessments, rates and taxes. Nothing contained in this article shall abridge or limit any power or authority granted to the general court by any other provision of the constitution to impose and levy any kind of tax.

APPENDIX D.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Twenty-Nine.

An Act imposing Excise Taxes measured by Income and Otherwise upon Certain Corporations and Analogous Forms of Organization.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

- 1 SECTION 1. The General Laws are hereby
- 2 amended by striking out chapter sixty-three and
- 3 inserting in place thereof the following: —

4 CHAPTER 63.

5 TAXATION OF CORPORATIONS AND ANALOGOUS

6 FORMS OF ORGANIZATION.

SECT.

1. Definitions.
2. Excise on corporate franchise of certain domestic corporations, associations, etc.
3. Minimum tax.
4. Excise on doing of business by certain foreign corporations, associations, etc. Banks, etc.
5. Associations, trusts and partnerships with transferable shares.
6. Affiliated corporations, associations, etc., and subsidiaries.
7. Corporations participating in consolidated federal returns.
8. Same subject.
9. Returns by certain corporations, associations, etc.
10. Correction of return, additional tax. Repayment of excess.

SECT.

10. Taxable net income of domestic business corporations, etc., determination by commissioner. Allocation.
11. Allocation of income of domestic business corporations (continued).
12. Taxable net income of foreign corporations, etc., determination by commissioner. Allocation.
13. Alternative method of allocation for foreign corporations, etc.
14. Allocation of income of certain public utility corporations, etc.
15. Assessment and payment in two instalments.
16. Assessment of additional tax.
17. Return, omission, incorrect, etc., double assessment.
18. Rules and regulations.
19. Notice of tax.

SECT.

20. Return, late, penalty.
21. Return, fraudulent, etc., penalty.
22. Abatements by commissioner. Appeal.
23. Transfer of assets without notice to commissioner.
24. Savings banks, credit unions, savings departments of trust companies, co-operative banks.
25. Massachusetts Hospital Life Insurance Company.
26. Savings and insurance banks.
27. Savings and insurance banks; exemptions.
28. Abatements to savings banks, etc.
29. Life insurance companies.
30. Retaliatory tax on foreign life insurance companies.
31. Domestic fire, marine and other insurance companies.
32. Similar foreign companies.
33. Deductions to certain insurance companies.
34. Returns of fire, marine and other insurance companies.
35. Books of insurance companies, inspection.

SECT.

36. Penalty on insurance companies for failure to make return, etc.
37. Assessment on insurance companies and notice, correction, appeal.
38. Recovery of tax on insurance companies; injunction.
39. Corporations interested in ships and vessels.
40. Taxes in this chapter not exclusive.
41. Verification of returns; examination of books, etc.
42. Interest on unpaid taxes.
43. Appeals; repayment. Abatement of uncollectible taxes.
44. Returns, inspection by certain officials.
45. Collection of tax by warrant.
46. Action of contract to recover tax.
47. Lessee of corporate property liable for tax.
48. Collection of unpaid taxes by information; injunction.
49. Validity of tax, determination by supreme, etc., court.
50. Reimbursement of tax illegally exacted.
51. Penalties and forfeitures, recovery. Injunction.

7 *Section 1.* When used in sections one to twenty-
8 three, inclusive, the following terms shall have the
9 following meanings:

- 10 “Bank”, any bank, banking association or trust
11 company doing business within the commonwealth,
12 whether of issue or not, existing by authority of the
13 United States or of a foreign country, or of any law
14 of the commonwealth not contained in chapters one
15 hundred and sixty-eight to one hundred and seventy-
16 one, inclusive, and chapters one hundred and
17 seventy-three and one hundred and seventy-four.
- 18 “Domestic business corporation”, every corpora-
19 tion organized under or subject to chapter one hun-
20 dred and fifty-six, except corporations organized
21 under the provisions of section ten of chapter one
22 hundred and fifty-seven, and every association,
23 partnership and trust established for purposes for
24 which domestic corporations may be organized under
25 said chapter one hundred and fifty-six, which by the

26 provisions of section four is taxable under section
27 two.

28 "Foreign corporation", every corporation, asso-
29 ciation or organization established, organized or
30 chartered under laws other than those of the com-
31 monwealth, for purposes for which domestic cor-
32 porations may be organized under chapter one
33 hundred and fifty-six, which has a usual place of
34 business in this commonwealth, or is engaged here,
35 permanently or temporarily, in the construction,
36 erection, alteration or repair of a building, bridge,
37 railroad, railway or structure of any kind and every
38 association, partnership and trust established for the
39 aforesaid purposes, which by the provisions of sec-
40 tion four is taxable under section three; provided,
41 that said term shall not apply to such corporations,
42 associations or organizations without capital stock
43 as are subject to taxation under section eighteen of
44 chapter one hundred and fifty-seven.

45 "Net income", the net income for the taxable
46 year as required to be returned by the corporation
47 to the federal government under the federal revenue
48 act applicable for the period, adding thereto any
49 net losses, as defined in said federal revenue act,
50 that have been deducted and all interest and divi-
51 dends not so required to be returned as net income
52 except dividends in liquidation paid from capital.

53 "Taxable year", the fiscal or calendar year for
54 which the corporation was required to make its
55 last return to the federal government due prior to
56 April first of the year in which the tax is to be
57 assessed or, if such return was for a fractional period,
58 a full year, including and ending with such fractional
59 period.

60 *Section 2.* Every domestic business corporation
61 as defined in section one, and every other corpora-
62 tion organized under general or special laws of the
63 commonwealth for purposes of business or profit,
64 having a capital stock divided into shares, including
65 every trust company, but excluding every other
66 corporation taxable under any provision of sections
67 twenty-four to thirty-eight, inclusive, shall pay
68 annually, with respect to its corporate franchise, an
69 excise equal to four and one half per cent of its net
70 income determined to be taxable in accordance with
71 the provisions of this chapter; provided, that every
72 such corporation, except a bank as defined in section
73 one, shall pay annually a total excise not less in
74 amount than one twentieth of one per cent of the
75 book value of its capital, surplus and undivided
76 profits as of the last day of the taxable year.

77 *Section 3.* Every foreign corporation as defined in
78 section one, every bank or banking association doing
79 business within the commonwealth, whether of
80 issue or not, existing by authority of the United
81 States or of a foreign country, every railroad, street
82 railway or electric railroad corporation or company
83 organized elsewhere than in the commonwealth but
84 having lines therein, every telephone company
85 organized without the commonwealth for the pur-
86 pose of establishing, owning or licensing others to
87 use telephones or other apparatus or appliances
88 pertaining thereto but having in use within it any
89 of its lines or telephones, and every corporation or
90 association chartered or organized without the com-
91 monwealth which owns, controls or uses a line of tele-
92 graph within the commonwealth, shall pay annually,
93 with respect to the carrying on or doing of business

94 by it within the commonwealth, an excise equal to
95 four and one half per cent of its net income deter-
96 mined to be taxable in accordance with this chapter;
97 provided, that every such corporation, except a
98 bank as defined in section one, shall pay annually a
99 total excise not less in amount than one twentieth
100 of one per cent of such proportion of the book value
101 of its capital, surplus and undivided profits as of
102 the last day of the taxable year as the assets, both
103 real and personal, employed in any business within
104 the commonwealth on said day bear to the total
105 assets of the corporation employed in business on
106 said day.

107 *Section 4.* Every association, trust or partner-
108 ship, the beneficial interest in which is represented
109 by transferable certificates of participation or
110 shares, shall pay annually, with respect to the
111 carrying on or doing of business by it within the
112 commonwealth, the excise levied by section two;
113 provided, in lieu thereof, that if it appears that
114 such an association, trust or partnership has its
115 principal place of business outside the common-
116 wealth, and that it is not within the taxing juris-
117 diction of the commonwealth except as to property
118 actually located in and business attributable to the
119 commonwealth, it shall, with respect to the carrying
120 on or doing of business therein, pay annually the
121 excise levied by section three. The word "corpora-
122 tion" or "company" as used in this chapter, except
123 where the context otherwise requires, shall include
124 an association, trust or partnership subject to this
125 section.

126 *Section 5.* The net income of a corporation
127 taxable under sections one to fourteen, inclusive,

128 which is affiliated, as hereinafter defined, with
129 another corporation or corporations not so taxable,
130 shall be its true earnings, assignable to business in
131 this commonwealth, irrespective of its earnings as
132 disclosed by its books of account. Said earnings
133 shall be determined by allowing fair compensation
134 to the corporation for all commodities sold to or
135 services performed for its affiliated corporation or
136 corporations, and by eliminating all payments and
137 credits to or charges by its affiliated corporation or
138 corporations or officers or agents thereof in excess
139 of the fair value of the property, services or other
140 consideration given therefor, and by otherwise
141 eliminating or modifying items of account represent-
142 ing intercompany transactions in such manner as
143 to establish the earnings of the corporation so taxable
144 upon a fair basis. If, in the opinion of the commis-
145 sioner, the corporation's return does not disclose
146 its true earnings determined as aforesaid, the com-
147 missioner shall, after notice and opportunity for
148 hearing, determine said earnings on a fair and
149 equitable basis in pursuance of the data contained
150 in the return or otherwise available, and, for such
151 purpose, may presume that any one of the following
152 proportionate parts of the combined net income of
153 all the affiliated corporations, or a proportionate
154 part based on two or more thereof, fairly reflects
155 the true earnings of the corporation so taxable, and
156 may assess such corporation accordingly: —

157 (1) Such proportionate part of such combined
158 net income as the gross sales of such corporation
159 assignable to this commonwealth bear to the com-
160 bined gross sales of the corporation and its affiliated
161 corporation or corporations;

162 (2) Such proportionate part of such combined net

163 income as the gross receipts of such corporation
164 assignable to this commonwealth bear to the com-
165 bined gross receipts of the corporation and its
166 affiliated corporation or corporations;

167 (3) Such proportionate part of such combined
168 net income as the value of the tangible property of
169 such corporation within the commonwealth bears
170 to the combined value of the tangible property of
171 the corporation and of its affiliated corporation or
172 corporations;

173 (4) Such proportionate part of such combined
174 net income as the total expenditure of such corpora-
175 tion for wages, salaries, commissions or other com-
176 pensation to employees, assignable to this common-
177 wealth, bears to the total expenditure of all the
178 affiliated corporations for wages, salaries, commis-
179 sions or other compensation.

180 Or, in lieu of an assessment as aforesaid, the com-
181 missioner may assess upon such corporation as a
182 minimum tax an amount equal to one-tenth of one
183 per cent of such corporation's gross receipts for the
184 taxable year from business assignable to this com-
185 monwealth as defined in clause six of section eleven,
186 but proceeding under this paragraph shall not pre-
187 vent the commissioner from subsequently deter-
188 mining the net income taxable to such corporation
189 in accordance with any other provision of this sec-
190 tion, if, from a verification of a return or otherwise,
191 an additional tax is found to be due.

192 A corporation shall be deemed to be affiliated
193 with another corporation or corporations within the
194 meaning of this section: —

195 (a) In case it owns or controls, directly or in-
196 directly, substantially all of the capital stock of such
197 other corporation or corporations;

198 (b) In case it is owned or controlled, directly or
199 indirectly, by such other corporation or corpora-
200 tions;

201 (c) In case substantially all of its capital stock
202 is owned or controlled, directly or indirectly, by
203 interests owning or controlling such other corpora-
204 tion or corporations

205 When any corporation taxable under sections
206 one to fourteen, inclusive, conducts its business in
207 such a manner as either directly or indirectly to
208 benefit the members or stockholders thereof, or any
209 person interested in such business, by selling its
210 products or the goods or commodities in which it
211 deals at less than the fair price which might be
212 obtained therefor, or by rendering services for less
213 than a fair compensation, or by paying or being
214 charged more than fair compensation for services,
215 the commissioner shall determine the amount of
216 true income of such corporation for the taxable
217 year, having due regard to the reasonable profits
218 which but for such arrangement or understanding
219 might or could have been obtained, and such amount
220 shall be its net income for the purpose of measuring
221 the excise imposed by this chapter.

222 *Section 6.* If two or more corporations subject
223 to taxation under sections one to fourteen, inclusive,
224 are the only participants in the filing of a consoli-
225 dated return of income to the federal government,
226 such tax may, at their option, be measured by their
227 combined net income, which tax shall be assessed
228 to all said corporations and collected from any one
229 or more of them; provided, that, in case the same
230 method of allocation of income is not provided for
231 all said corporations, they shall, within thirty days

232 after their returns are due, file with the commis-
233 sioner their written agreement to be bound by a
234 method of allocation specified in the agreement.

235 *Section 7.* In the case of a corporation to which
236 an option is given by the preceding section to be
237 taxed on combined net income and which does not
238 elect to be so taxed and in the case of any other
239 corporation subject to taxation under sections one
240 to fourteen, inclusive, which has filed with one or
241 more corporations a consolidated return of net
242 income to the federal government, its net income
243 under this chapter shall be its gross income less
244 deductions in accordance with the law and regula-
245 tions governing the usual federal returns of corpora-
246 tions not affiliated, after making additions thereto as
247 provided in the definition of net income in section one.

248 *Section 8.* Every corporation, association, part-
249 nership or trust taxable under sections one to
250 fourteen, inclusive shall, on or before the tenth day
251 of April, make a return for the taxable year, sworn
252 to by its treasurer, assistant treasurer or cashier, or
253 if there is none or if they are absent or incapacitated,
254 by any other principal officer, in such form as the
255 commissioner prescribes, giving:

256 (a) A copy of such parts as he may designate of
257 the federal return or returns for the year by the
258 income of which the tax is to be measured;

259 (b) Such other data as he requires to determine
260 the net income taxable in accordance with this
261 chapter;

262 (c) Such information as he requires for the deter-
263 mination of any minimum tax under sections one to
264 fourteen, inclusive, and for the distribution of the
265 excise imposed by said sections;

266 (d) In case the corporation, association, partner-
267 ship or trust is affiliated, within the meaning of
268 section five, with one or more other corporations,
269 associations, partnerships or trusts, a description
270 of all such corporations, associations, partnerships
271 and trusts.

272 Whenever the time for filing its federal return has
273 been extended, the commissioner may extend the
274 time for filing the return required as aforesaid.

275 Not later than thirty days after notice from the
276 commissioner, a corporation so affiliated shall file
277 a supplementary return, sworn to as aforesaid, con-
278 taining such data as the commissioner may require
279 for the purpose of assessing the tax under the pro-
280 visions of section five.

281 *Section 9.* If the assessment made by the federal
282 government is based upon a net income greater or
283 less than the net income returned by said corpora-
284 tion to the federal government, or if an additional
285 assessment is at any time made on the ground that
286 the net income was incorrectly returned to the
287 federal government in the first instance, or if, after
288 the tax as assessed is paid to the federal government,
289 any part of such tax is refunded, the corporation,
290 within seventy days after the receipt of notice of
291 said fact, shall make return on oath to the commis-
292 sioner of the amount by which the net income
293 originally returned to the federal government differs
294 from the net income on which the tax was computed
295 by the federal government upon the latest deter-
296 mination by it of the proper tax, and of the facts
297 giving rise to the difference; provided, that in case
298 the corporation appeals from a decision of the com-
299 missioner of internal revenue or from a decision of
300 the United States board of tax appeals, the return

301 required by this section shall be made within thirty
302 days after notice of the final determination on such
303 appeal. If upon such facts an additional tax is due
304 the commonwealth, the commissioner shall assess
305 the additional tax, and the corporation shall, within
306 thirty days after receipt of notice from the commis-
307 sioner of the amount thereof, pay such additional
308 tax with interest at six per cent from October
309 twentieth of the year in which the original return of
310 the corporation was due to be filed. If upon said
311 facts a less tax is due the commonwealth than that
312 paid by the corporation, the state treasurer shall,
313 upon certification of the commissioner, repay within
314 thirty days such difference with interest at the rate
315 of six per cent from the date of the overpayment,
316 but not earlier than said October twentieth, without
317 any further statutory appropriation therefor. The
318 provisions of this section shall not be construed to
319 authorize the commissioner to make any assessment,
320 the time for making which has by law expired,
321 except assessment, with interest as aforesaid, of
322 such amount of additional tax as is incident to the
323 increase in federal net income, nor to authorize
324 refund in excess of the amount of tax paid with
325 respect to the difference in net income determined
326 by the federal reduction, with interest, as aforesaid.

327 *Section 10.* The commissioner shall determine,
328 in the manner provided in this and the following
329 section, the part of the net income of a domestic
330 business corporation derived from business carried
331 on within the commonwealth, which shall be the
332 amount of net income taxable in accordance with
333 the provisions of this chapter. The following classes
334 of income shall be allocated as follows:

335 (a) Interest and dividends included in net income

336 as defined in section one shall be allocated to this
337 commonwealth.

338 (b) Gains realized from the sale of capital assets,
339 if such assets consist of intangible property or if
340 they consist of real estate or tangible personal
341 property situated in the commonwealth, shall be
342 allocated to this commonwealth.

343 (c) Gains received from the sale of capital assets,
344 if such assets consist of real estate or tangible per-
345 sonal property situated outside the commonwealth,
346 shall not be allocated in any part to this common-
347 wealth.

348 *Section 11.* Income of the classes described in
349 the preceding section having been allocated, the
350 remainder of the net income as defined in section
351 one shall be allocated as follows:

352 1. If the corporation carried on no business out-
353 side the commonwealth, the whole of said remainder
354 shall be allocated to this commonwealth.

355 2. If the corporation carries on any business out-
356 side the commonwealth, the said remainder shall
357 be divided into three equal parts:

358 (a) Of one third, such portion shall be attributed
359 to business carried on within the commonwealth
360 as shall be found by multiplying said third by a
361 fraction whose numerator is the value of the cor-
362 poration's tangible property situated within the
363 commonwealth and whose denominator is the value
364 of all the corporation's tangible property wherever
365 situated.

366 (b) Of another third, such portion shall be attrib-
367 uted to business carried on within the common-
368 wealth as shall be found by multiplying said third
369 by a fraction whose numerator is the expenditure

370 of the corporation for wages, salaries, commissions
371 or other compensation to its employees, and assign-
372 able to this commonwealth as hereinafter provided,
373 and whose denominator is the total expenditure of
374 the corporation for wages, salaries, commissions or
375 other compensation to all its employees.

376 (c) Of the remaining third, such portion shall be
377 attributed to business carried on within the com-
378 monwealth as shall be found by multiplying said
379 third by a fraction whose numerator is the amount
380 of the corporation's gross receipts from business
381 assignable to this commonwealth as hereinafter
382 provided, and whose denominator is the amount of
383 the corporation's gross receipts from all its business.

384 3. In a case where only two of the foregoing three
385 rules are applicable, the said remainder of net in-
386 come of the corporation shall be divided into two
387 equal parts only, each of which shall be apportioned
388 in accordance with one of the remaining two rules.
389 If only one of the three rules is applicable, the part
390 of the net income received from business carried on
391 within the commonwealth shall be determined solely
392 by that rule.

393 4. The value of the corporation's tangible prop-
394 erty for the purposes of this section shall be the
395 average value of such property during the taxable
396 year.

397 5. The amount assignable to this commonwealth
398 of expenditure of the corporation for wages, salaries,
399 commissions or other compensation to its employees
400 shall be such expenditure for the taxable year as
401 represents the compensation of employees not
402 chiefly situated at, connected with or sent out from
403 premises for the transaction of business owned or

404 rented by the corporation outside the common-
405 wealth.

406 6. The amount of the corporation's gross receipts
407 from business assignable to this commonwealth
408 shall be the amount of its gross receipts for the
409 taxable year from (a) sales, except those negotiated
410 or effected in behalf of the corporation by agents
411 or agencies chiefly situated at, connected with or
412 sent out from premises for the transaction of business
413 owned or rented by the corporation outside the
414 commonwealth, and sales otherwise determined by
415 the commissioner to be attributable to the business
416 conducted on such premises; (b) rentals or royalties
417 from property situated, or from the use of patents,
418 within the commonwealth; provided, that upon
419 application by a corporation which owns or controls
420 substantially all the capital stock of another cor-
421 poration, or by the corporation so owned or con-
422 trolled, the commissioner may impose the tax pro-
423 vided for by sections one to fourteen, inclusive,
424 upon the income of the two corporations jointly in
425 the same manner as though they were a single cor-
426 poration, or may, in such other manner as he shall
427 determine, equitably adjust the tax of the applying
428 corporation.

429 7. If a corporation maintains an office, warehouse
430 or other place of business in a state other than this
431 commonwealth for the purpose of reducing its tax
432 under this chapter, the commissioner shall, in deter-
433 mining the amount of its gross receipts from business
434 assignable to this commonwealth, include therein
435 the gross receipts from sales attributed by the cor-
436 poration to the business conducted at such place of
437 business in another state.

438 8. In the case of consolidated returns of net in-
439 come, the commissioner shall allocate such income,
440 so far as practicable, in accordance with the above
441 rules.

442 9. A rule shall not be deemed to be inapplicable
443 merely because all the tangible property or the
444 expenditure of a corporation for wages, salaries,
445 commissions or other compensation, or the gross
446 receipts of the corporation, are found to be situated,
447 incurred or received without the commonwealth.

448 *Section 12.* The commissioner shall, except as
449 otherwise provided in section thirteen, determine
450 in the manner provided in this section the part of
451 the net income of a foreign corporation derived from
452 business carried on within the commonwealth, which
453 shall be the amount of net income taxable in accord-
454 ance with the provisions of this chapter.

455 The following classes of income shall be allocated
456 as follows: —

457 (a) Gains realized from the sale of capital assets,
458 if such assets consist of real estate or tangible
459 personal property situated in the commonwealth,
460 shall be allocated to this commonwealth.

461 (b) Interest received from any corporation or-
462 ganized under the laws of the commonwealth, or
463 from any association, partnership or trust having
464 transferable certificates of participation or shares
465 and having its principal place of business in the
466 commonwealth, or from any inhabitant of the
467 commonwealth, except interest received on deposits
468 in trust companies or in national banks doing busi-
469 ness in the commonwealth, shall be allocated to this
470 commonwealth.

471 (c) Gains realized from the sale of capital assets

472 other than those named in paragraph (a) above
473 shall not be allocated in any part to this common-
474 wealth.

475 (d) Interest other than that described in para-
476 graph (b) above and dividends shall not be allocated
477 in any part to this commonwealth.

478 Income of the foregoing classes having thus been
479 allocated, the remainder of the net income as defined
480 in section one shall be allocated as follows: —

481 If a foreign corporation carries on no business
482 outside this commonwealth, the whole of said re-
483 mainder shall be allocated to this commonwealth.

484 If a foreign corporation carries on any business
485 outside this commonwealth, the remainder of the
486 net income shall be allocated as provided in para-
487 graphs two to nine, inclusive, of section eleven.

488 *Section 13.* A foreign corporation carrying on
489 part of its business outside the commonwealth may,
490 by notification to the commissioner on or before the
491 time when its return under sections one to fourteen,
492 inclusive, is due to be filed, refuse to accept the
493 allocating method set forth in the preceding section.
494 A foreign corporation, which so refuses, and every
495 such corporation, which is foreign to the United
496 States and which is required to return to the federal
497 government only income from sources within the
498 United States, shall, on or before May tenth, file
499 with the commissioner, under oath of its treasurer,
500 a statement in such detail as the commissioner shall
501 require, showing the amount of its annual net in-
502 come derived from business carried on within the
503 commonwealth, and such further information as the
504 commissioner may require with reference thereto,
505 and the commissioner shall determine the amount

506 of the net income received from business carried
507 on within the commonwealth. The amount thus
508 determined shall be the net income taxable under
509 this chapter and the foregoing determination shall
510 be in lieu of the determination required by the
511 preceding section.

512 *Section 14.* The commissioner shall determine, in
513 the manner provided in this section, the propor-
514 tional part of the net income of a corporation of any
515 of the following classes, subject to taxation under
516 sections one to fourteen, inclusive, derived from
517 business carried on within the commonwealth,
518 which shall be the amount of net income taxable in
519 accordance with the provisions of this chapter:

520 (1) In the case of a railroad, telegraph, street
521 railway or electric railroad corporation or company,
522 whether chartered or organized in this common-
523 wealth or elsewhere, it shall be the same proportional
524 part that the length of its line lying within the com-
525 monwealth bears to the entire length of its line;

526 (2) In the case of a domestic or foreign telephone
527 company, it shall be the same proportional part
528 that the number of telephones used or controlled
529 by it, or under any letters patent owned or con-
530 trolled by it, within the commonwealth bears to the
531 total number of telephones so used, owned or con-
532 trolled within and without the commonwealth;

533 (3) In the case of a corporation subject to taxa-
534 tion under sections one to fourteen, inclusive, other
535 than a domestic business corporation, a foreign
536 corporation or a bank, all as defined in section one,
537 and other than a railroad, telegraph, telephone,
538 street railway or electric railroad corporation or
539 company, it shall be the same proportional part

540 that its tangible property, both real and personal,
541 situated within the commonwealth bears to its
542 entire tangible property.

543 The net income of a bank, as defined in section
544 one, shall be allocated in its entirety to this com-
545 monwealth, and shall be the amount of net income
546 taxable in accordance with the provisions of this
547 chapter.

548 *Section 15.* Not less than one half of the tax
549 imposed under sections one to fourteen, inclusive,
550 shall be due and payable, in advance of assessment
551 by the commissioner, at the time the return of
552 income is required to be filed, and the remainder,
553 as determined by such assessment, on October
554 twentieth following. The commissioner shall deter-
555 mine, from the returns required by said sections and
556 from any other available information, the net income
557 of every corporation taxable in accordance with
558 said sections, and shall assess thereon the tax pro-
559 vided for in said sections, giving proper credit to the
560 corporation for any amount thereof paid in advance
561 as aforesaid and including as a part of the tax
562 assessed, interest upon any deficiency of the amount
563 of the tax required to be paid in advance of assess-
564 ment, at the rate of six per cent per annum from
565 the date when payable to said October twentieth.
566 He shall not determine the income of any such
567 corporation, which has filed a return within the
568 time prescribed by law, to be in excess of the income
569 shown by such return, without notifying the cor-
570 poration and giving it an opportunity to explain the
571 apparent incorrectness of the return.

572 *Section 16.* If the commissioner discovers from
573 the verification of a return, or otherwise, that the

574 full amount of any tax due under sections one to
575 fourteen, inclusive, has not been assessed, he may,
576 at any time within two years after September first
577 of the year in which such assessment should have
578 been made, assess the same, first giving notice to
579 the corporation to be assessed of his intention; and
580 a representative of the corporation shall thereupon
581 have an opportunity, within ten days after such
582 notification, to confer with the commissioner as to
583 the proposed assessment. After the expiration of
584 ten days from the notification the commissioner
585 shall assess the amount of the tax remaining due to
586 the commonwealth, with interest at six per cent
587 upon each half of such assessment from the date
588 it was due and payable under section fifteen to the
589 date of assessment, and shall give notice to the cor-
590 poration so assessed. Any tax so assessed with
591 interest as aforesaid shall be payable to the com-
592 missioner fourteen days after the notice, and the
593 provisions of section twenty-two relative to the
594 abatement of taxes assessed under section fifteen
595 shall apply to a tax so assessed.

596 *Section 17.* If no return, or an incorrect or
597 insufficient return, has been filed, and the corpora-
598 tion so in default refuses or neglects after notice to
599 file a proper return, or if a fraudulent return has
600 been filed, the commissioner shall determine the
601 income of the corporation according to his best
602 information and belief, and shall assess the tax
603 measured by the same at double the amount so
604 determined, which additional tax shall be in addition
605 to the other penalties provided for by this chapter.

606 *Section 18.* The commissioner, with the approval
607 of the attorney general, shall make from time to

608 time such reasonable rules and regulations, con-
609 sistent with sections one to twenty-three, inclusive,
610 as he may deem necessary for carrying out their
611 provisions.

612 *Section 19.* Except as provided by section six-
613 teen, the commissioner shall annually, as soon as
614 may be after the first Monday of August, give
615 notice to the treasurer of each corporation or, in
616 case of a bank as defined in section one, the cashier,
617 of the amount of any tax levied upon it under sec-
618 tions one to fourteen, inclusive, or of the portion
619 thereof remaining unpaid, of the date upon which
620 such amount is payable and of the time within which
621 the corporation may apply for a correction of the
622 tax; but failure to receive said notice shall not
623 affect the validity of the tax.

624 *Section 20.* If a corporation fails to file the
625 returns required by section eight or nine when they
626 are due, there shall be added to and become a part
627 of the tax, as an additional tax, the sum of five
628 dollars for every day during which the corporation
629 is in default; but the commissioner may abate any
630 such additional tax in whole or in part.

631 *Section 21.* If any return required by section
632 eight or nine contains a false statement which is
633 known or, by the exercise of reasonable care might
634 have been known, to the officer making it to be
635 false, such officer and the corporation shall be liable
636 for the amount of tax thereby lost to the common-
637 wealth, and in addition to a penalty of not less than
638 five hundred nor more than five thousand dollars.

639 *Section 22.* Any corporation aggrieved by the
640 assessment of a tax under sections one to fourteen,
641 inclusive, may apply to the commissioner for an

642 abatement thereof at any time within sixty days
643 after the date upon which the notice of assessment
644 is sent; and if after a hearing or otherwise the com-
645 missioner finds that the tax is excessive in amount
646 or that the corporation assessed is not subject
647 thereto, he shall abate it in whole or in part accord-
648 ingly. If the tax has been paid the state treasurer
649 shall repay to the corporation assessed the amount
650 of such abatement, with interest thereon at the rate
651 of six per cent per annum from the time when it
652 was paid, but not earlier than October twentieth
653 next following the date its return was due to be filed
654 under section eight, without any appropriation
655 therefor by the general court. Any corporation
656 aggrieved by the refusal of the commissioner to
657 abate a tax in whole or in part under this section
658 may appeal in the manner provided by section
659 forty-three.

660 *Section 23.* The sale or transfer, otherwise than
661 in the ordinary course of trade and in the regular
662 and usual prosecution of the corporation's business,
663 of any part or the whole of the assets of a corpora-
664 tion organized or incorporated in the commonwealth
665 and taxable under sections one to fourteen, inclu-
666 sive, or of any part or the whole of the assets situ-
667 ated in the commonwealth of a corporation or-
668 ganized or incorporated elsewhere than in the
669 commonwealth and taxable under said sections,
670 shall be fraudulent and void as against the common-
671 wealth, unless such corporation shall, at least five
672 days before the sale or transfer, notify the commis-
673 sioner of the proposed sale or transfer and of the
674 price, terms and conditions thereof, and of the
675 character and location of said assets. Whenever

676 such a corporation shall make such a sale or trans-
677 fer, the tax imposed by this chapter shall become
678 due and payable at the time when the commissioner
679 is so notified, or, if he is not so notified, at the time
680 when he should have been notified.

681 This section shall not apply to sales by receivers,
682 assignees under a voluntary assignment for the
683 benefit of creditors, trustees in bankruptcy, or pub-
684 lic officers acting under judicial process.

685 *Section 24.* Every savings bank, every co-
686 operative bank, every credit union and every trust
687 company, having a savings department, as defined,
688 respectively, in chapters one hundred and sixty-
689 eight, one hundred and seventy, one hundred and
690 seventy-one and one hundred and seventy-two
691 shall, within the first ten days of April in each year,
692 make a return to the commissioner, signed and
693 sworn to by its president and treasurer, of the aver-
694 age amount for the preceding calendar year, com-
695 puted daily, of its guaranty fund, as described, re-
696 spectively, in section forty-five of chapter one
697 hundred and sixty-eight, section forty-one of chap-
698 ter one hundred and seventy and section sixteen of
699 chapter one hundred and seventy-one, and of its
700 undivided profits, or, in the case of a co-operative
701 bank, of its surplus account as described in section
702 forty-two of chapter one hundred and seventy, and
703 shall pay to the commissioner annually on or before
704 April tenth, with respect to its corporate franchise,
705 an excise equal to one twentieth of one per cent of
706 the average amount aforesaid. Any such corpora-
707 tion neglecting to make such return shall forfeit
708 fifty dollars for each day during which such neglect
709 continues. If it wilfully makes a false statement

710 in such return it shall be punished by a fine of not
711 less than five hundred nor more than five thousand
712 dollars.

713 *Section 25.* The Massachusetts Hospital Life
714 Insurance Company shall, semiannually on or
715 before May tenth and November tenth, make a
716 return, signed and sworn to by a majority of its
717 board of directors, of the full amount of all money
718 and property, in detail, in its possession or charge
719 as deposits, trust funds or for purpose of investment,
720 and shall pay to the commissioner an annual tax
721 of one half of one per cent upon all the same, except
722 upon deposits invested in loans secured by mortgages
723 of real estate taxable in this commonwealth and in
724 bonds or certificates of indebtedness of the United
725 States, such tax to be assessed and paid as follows:
726 one fourth of one per cent shall be assessed by the
727 commissioner, upon the average amount of such
728 money and property for the six months preceding
729 May first, and paid on or before May twenty-fifth;
730 and a like percentage shall be assessed upon the
731 average amount of such money and property for the
732 six months preceding November first, and paid on
733 or before November twenty-fifth. If said corpora-
734 tion neglects to make such return, it shall forfeit
735 fifty dollars for each day such neglect continues;
736 and if it wilfully makes a false statement in any
737 such return, it shall be punished by a fine of not less
738 than five hundred nor more than five thousand
739 dollars.

740 *Section 26.* Savings and insurance banks doing
741 business under chapter one hundred and seventy-
742 eight shall, in respect to all funds held by the insur-
743 ance department as a part of its insurance reserve

744 or surplus, and the General Insurance Guaranty
745 Fund created by said chapter shall, in respect to
746 all funds held by it, pay to the commissioner an
747 annual tax of one half of one per cent, upon the
748 average amount of the funds held as aforesaid by the
749 insurance department and by the General Insurance
750 Guaranty Fund during the year ending on the pre-
751 ceding October thirty-first, after making the deduc-
752 tions permitted by the following section. Savings
753 and insurance banks shall not be taxable on funds
754 held as part of the expense guaranty fund, or of the
755 insurance guaranty fund, nor shall such banks or
756 the General Insurance Guaranty Fund be liable to
757 the commonwealth for any taxes or fees provided to
758 be assessed upon life insurance companies, or for any
759 taxes or fees except as above provided. All insur-
760 ance policies and annuity contracts issued by such
761 banks shall otherwise be exempt from taxation.

762 Every such savings and insurance bank, and the
763 General Insurance Guaranty Fund, shall, annually
764 on or before May first, make a return to the com-
765 missioner, signed and sworn to by its president and
766 treasurer, giving in such detail as the commissioner
767 shall require the data necessary for the determina-
768 tion of the tax due under this section. Such taxes
769 shall become due and payable thirty days after the
770 date of notice but not later than July first. If an
771 audit by the insurance department discloses any
772 correction which should be made in the return under
773 this section, resulting corrections in the amount of
774 tax may be made in the assessment of the tax due
775 in the following year.

776 *Section 27.* So much of the funds of a savings and
777 insurance bank held by its insurance department as

778 a part of its insurance reserve or surplus, and so
779 much of the funds held by the General Insurance
780 Guaranty Fund, shall be exempt from taxation
781 under the preceding section, as is invested in any of
782 the following:

783 (a) Real estate used for banking purposes.

784 (b) Loans secured by mortgage of real estate
785 taxable in this commonwealth.

786 (c) Real estate the title of which has been acquired
787 by foreclosure or purchase in accordance with the
788 provisions of clause twelfth of section fifty-four of
789 chapter one hundred and sixty-eight, for five years
790 after the title thereof is vested in the corporation.

791 (d) Bonds or certificates of indebtedness of the
792 United States.

793 (e) Bonds, notes or certificates of indebtedness of
794 the commonwealth issued between January first,
795 nineteen hundred and six, and July first,

796 (f) Bonds, notes or certificates of indebtedness
797 of any county, fire district, water district, light dis-
798 trict, improvement district, city or town in the
799 commonwealth, issued between May first, nineteen
800 hundred and eight, and July first,

801 stating on their face that they are exempt from
802 taxation in Massachusetts.

803 (g) Shares of stock of trust companies organized
804 under the laws of the commonwealth.

805 *Section 28.* A bank or company taxable under
806 section twenty-four, twenty-five or twenty-six shall
807 be notified by the commissioner of the tax assessed
808 as soon as may be, and within sixty days after the
809 date of notification may apply to the commissioner
810 for a correction of the assessment, and in default of
811 settlement may, upon application within thirty

812 days of the date of the notice of the commissioner's
813 decision, be heard thereon by the board of appeal.
814 If abatement of a tax paid is granted, the overpay-
815 ment with interest thereon at the rate of six per
816 cent per annum from the date of payment shall be
817 refunded to the bank or company by the state
818 treasurer without any appropriation therefor by the
819 general court.

820 *Section 29.* Every life insurance company, as
821 defined by section one hundred and eighteen of
822 chapter one hundred and seventy-five, authorized
823 to transact business in the commonwealth shall
824 annually pay an excise of one quarter of one per
825 cent upon the net value of all policies in force on
826 December thirty-first of the year preceding that in
827 which the tax is payable, issued or assumed by such
828 company on the lives of residents of this common-
829 wealth as determined by the commissioner from
830 the return required under this section and such
831 other evidence as he may obtain. All contingencies
832 of any other character insured against by such com-
833 pany under authority of clause sixth of section
834 forty-seven of chapter one hundred and seventy-
835 five, or any other provision of law, contracts for
836 which are required to be in separate and distinct
837 policies, shall be taxable under sections thirty-one
838 and thirty-two of this chapter. Every such com-
839 pany shall annually, on or before May first, make a
840 return to the commissioner, on oath of its president
841 or secretary and its actuary, giving in such detail
842 as the commissioner shall require the total number
843 of policies in force on December thirty-first preced-
844 ing on the lives of residents of this commonwealth,
845 the aggregate net value thereof and the aggregate

846 amount insured. Whenever the commissioner
847 deems it for the best interest of the commonwealth
848 he may require in addition to the above information
849 the following details relating to each policy of
850 ordinary business in force on December thirty-first
851 preceding on the life of a resident of Massachusetts:
852 the number, date and class, the age of the assured,
853 the amount insured and the net value. In respect
854 to ordinary business the aggregate net value so
855 reported shall be the combined aggregate of the
856 mean reserve computed for each policy, or each
857 group of policies, requiring a separate computation
858 to determine their net value, on the basis of valua-
859 tion used or approved by the commissioner of insur-
860 ance under section nine of chapter one hundred and
861 seventy-five. In respect to industrial business the
862 aggregate net value so reported may be estimated
863 upon the basis of such general averages or otherwise
864 as shall be authorized by the commissioner with the
865 approval of the commissioner of insurance.

866 *Section 30.* Every foreign life insurance company
867 shall annually pay with respect to business taxable
868 under the preceding section, in addition to the excise
869 thereby imposed, a sum equal to the excess over
870 such excise of the amount of tax which would be
871 imposed in the same year by the laws of the state or
872 country under which such company is organized,
873 upon a life insurance company incorporated in this
874 commonwealth, or upon its agents, if doing business
875 to the same extent in such state or country.

876 *Section 31.* Every domestic insurance company
877 as defined in section one of chapter one hundred and
878 seventy-five, except life insurance companies with
879 respect to business taxable under section twenty-

880 nine, shall annually pay an excise of one per cent
881 upon the gross premiums for all policies written or
882 renewed, all additional premiums charged, and all
883 assessments made by such company on policy
884 holders during the preceding calendar year; but
885 such premiums for policies written or renewed for
886 insurance of property or interests in other states or
887 countries where a tax is actually paid by such com-
888 pany, or its agents, shall not be so taxed.

889 *Section 32.* Every foreign insurance company as
890 defined in section one of chapter one hundred and
891 seventy-five, except life insurance companies with
892 respect to business taxable under sections twenty-
893 nine and thirty, shall annually pay an excise upon
894 the gross premiums for all policies written or re-
895 newed, all additional premiums charged, and all
896 assessments made during the preceding calendar
897 year for insurance of property or interests in this
898 commonwealth, or which are subjects of insurance
899 by contracts issued through companies or agents
900 therein, at the rate of two per cent, but not less in
901 amount than would be imposed by the laws of the
902 state or country under which such company is or-
903 ganized upon a like insurance company incorporated
904 in this commonwealth, or upon its agents, if doing
905 business to the same extent in such state or country.
906 In case any company discontinues business in this
907 commonwealth and reinsures the whole or part of its
908 risks without making payment of this excise, the
909 company accepting such reinsurance shall pay the
910 same, and if several companies shall make such
911 reinsurance, the tax shall be apportioned among such
912 companies in proportion to the original premiums
913 on the business in this commonwealth so reinsured
914 by each company.

915 *Section 33.* In determining the amount of the
916 tax payable under sections thirty, thirty-one and
917 thirty-two, there shall be deducted all premiums on
918 policies written but not taken, or cancelled through
919 default of payment, and all premiums returned or
920 credited to policy holders during the year for which
921 the tax is determined; provided, that all such
922 premiums have been included as premium receipts
923 in a return made under the following section and a
924 tax assessed thereon, and all premiums paid to
925 authorized companies for reinsurance; provided,
926 that it is shown to the satisfaction of the commis-
927 sioner that the tax on such premiums has been or
928 will be paid in full by such reinsuring company.

929 *Section 34.* Every insurance company liable to
930 taxation under section thirty, thirty-one or thirty-
931 two shall annually in January make a return to the
932 commissioner in such form as he shall prescribe, on
933 oath of its secretary or other officer having knowl-
934 edge of the facts, setting forth: if a domestic com-
935 pany, the total amount of gross premiums for all
936 policies written or renewed, of all additional pre-
937 miums charged and of all assessments made, during
938 the preceding calendar year, and the amount of each
939 class of deductions claimed under any provision of
940 this chapter; if a foreign company, the total amount
941 of gross premiums for all policies written or renewed,
942 of all additional premiums charged, and of all
943 assessments made during the preceding calendar
944 year for insurance of property or interests in this
945 commonwealth, or which are subjects of insurance
946 by contracts issued through companies or agents
947 therein, and the amount of each class of deductions
948 claimed under any provision of this chapter, and in
949 addition to the above any information which the

950 commissioner may require in assessing an excise
951 under any provision of law.

952 For cause, the commissioner may extend the time
953 within which any such statement may be filed, but
954 not to a date later than March first.

955 *Section 35.* The books, papers and accounts of
956 every insurance company and of its agents shall be
957 open at all times to inspection and examination by
958 the commissioner and the commissioner of insurance,
959 or their duly authorized representatives, for the
960 purpose of verifying the accuracy of the returns
961 made under sections twenty-nine and thirty-four.

962 *Section 36.* Every insurance company neglecting
963 to make the return required by section twenty-nine
964 or thirty-four shall forfeit twenty-five dollars for
965 every day during which such neglect continues. If
966 any company neglects to make such return for ten
967 days after notice thereof addressed to it has been
968 deposited in the post office, postage prepaid, it shall
969 further forfeit five hundred dollars, and upon an
970 information by the attorney general at the relation
971 of the commissioner it may be restrained from the
972 further transaction of business in this commonwealth
973 until it has made such return; but such penalties
974 shall not be incurred if it is proved that the return
975 was duly made and deposited in the post office,
976 postage prepaid, properly directed to the commis-
977 sioner, and that there was no neglect. If any return
978 required by said section twenty-nine or thirty-four
979 contains a false statement which is known, or by the
980 exercise of reasonable care might have been known,
981 to the officers making it, to be false, such com-
982 pany shall be liable for the amount of tax thereby
983 lost to the commonwealth, and each offending

984 officer shall forfeit not less than five hundred nor
985 more than five thousand dollars.

986 *Section 37.* The commissioner, from such returns,
987 and from such other evidence as he may obtain, shall
988 assess upon all insurance companies subject to this
989 chapter the taxes imposed by sections twenty-nine
990 to thirty-two, inclusive, and shall forthwith upon
991 making such assessment give to every such company
992 notice of the amount thereof. Such taxes shall
993 become due and payable to the commissioner thirty
994 days after the date of such notice, but not later than
995 July first. All such taxes shall bear interest at the
996 rate of six per cent per annum from the date payable
997 until July first, and, whether assessed before or
998 after July first, shall bear interest at the rate of
999 twelve per cent per annum from July first until
1000 they are paid. Within sixty days after the date of
1001 such notice the company may apply to the commis-
1002 sioner for a correction of said excise, and in default
1003 of settlement may, upon application within thirty
1004 days of the date of notification of the commissioner's
1005 decision, be heard thereon by the board of appeal.
1006 If abatement of a tax paid is granted, the overpay-
1007 ment with interest thereon at the rate of six per cent
1008 per annum from the date of payment shall be re-
1009 funded to the corporation by the state treasurer
1010 without any appropriation therefor by the general
1011 court.

1012 *Section 38.* Every domestic or foreign insurance
1013 company shall be liable for the full amount of all
1014 taxes assessed under this chapter upon it or its
1015 agents, which, with interest as provided in the pre-
1016 ceding section, may be recovered in contract by the
1017 commissioner in the name of the commonwealth.

1018 It shall further be liable, upon an information, to an
1019 injunction restraining it and its agents from the
1020 further prosecution of its business until all taxes due
1021 with costs and interest are fully paid.

1022 *Section 39.* The commissioner shall annually
1023 assess as of the last day of the taxable year, as
1024 defined in section one, an excise tax upon the interest
1025 of every corporation organized under the laws of
1026 this commonwealth and having a place of business
1027 therein, in any ship or vessel which has, during the
1028 period of its business in the year preceding such day,
1029 been engaged in interstate or foreign carrying trade
1030 or engaged exclusively in fishing, and documented
1031 and carrying "papers" under the laws of the United
1032 States, which tax shall be one third of one per cent
1033 upon the value of such interest as determined by
1034 him. Such tax shall become due and shall be col-
1035 lected at the same time and in the same manner
1036 as other taxes assessed to such corporations. The
1037 president and treasurer of every such corporation
1038 owning an interest in any such ship or vessel shall
1039 annually, within the first ten days of April, make a
1040 return to the commissioner, on oath, setting forth in
1041 detail the name of the ship or vessel, the interest of
1042 the corporation therein, and the value of such
1043 interest.

1044

MISCELLANEOUS PROVISIONS.

1045 *Section 40.* The taxes imposed by this chapter
1046 upon any corporation shall not affect or prevent the
1047 imposition and collection of any other tax now au-
1048 thorized, or that may hereafter be authorized, upon
1049 any especial privilege, franchise or business enjoyed
1050 or exercised by such corporation.

1051 *Section 41.* For the purpose of verifying any

1052 return made under this chapter, the commissioner
1053 may, within two years after September first of the
1054 year in which such return was due, examine per-
1055 sonally or by deputy or agent the books and papers
1056 of the corporation, and may require its treasurer and
1057 directors to submit to examination on oath relative
1058 to all matters affecting determinations to be made
1059 by the commissioner under this chapter. The cor-
1060 poration shall be entitled to have a representative
1061 present at any examination made under this section.

1062 *Section 42.* Corporations which neglect to pay
1063 taxes assessed by the commissioner under this chap-
1064 ter shall pay interest at the rate of six per cent per
1065 annum from the time when such taxes were payable
1066 until paid, if such payment is made before the com-
1067 mencement of proceedings for the recovery thereof,
1068 and twelve per cent if made after the commence-
1069 ment thereof.

1070 *Section 43.* Except as otherwise provided, any
1071 party aggrieved by any decision of the commissioner
1072 upon any matter arising under this chapter from
1073 which an appeal is given, may apply to the board of
1074 appeal from decisions of the commissioner within
1075 thirty days after notice of his decision. Said board
1076 shall hear and decide the subject matter of such
1077 appeal, and give notice of its decision to the com-
1078 missioner and the appellant; and its decision shall
1079 be final and conclusive as to questions of fact, al-
1080 though payments have been made as required by the
1081 decision appealed from. Any overpayment of tax
1082 determined by decision of said board of appeal shall
1083 be reimbursed by the commonwealth with interest
1084 at the rate of six per cent per annum from the time
1085 of payment, but, in the case of a corporation taxable

1086 under sections one to fourteen, inclusive, not earlier
1087 than October twentieth next following the date its
1088 return is due to be filed under section eight, without
1089 any appropriation therefor by the general court.
1090 Taxes, excises, costs or expenses of any kind assessed
1091 upon any corporation, company or association,
1092 except a municipal corporation, under the provisions
1093 of this chapter or corresponding provisions of earlier
1094 laws, which are unpaid and are uncollectable, may
1095 be abated by the board of appeal on the recom-
1096 mendation of the attorney general and commissioner
1097 at any time after the expiration of five years from
1098 the date when the same became payable.

1099 *Section 44.* Returns required by this chapter
1100 shall, except in proceedings to collect the taxes or
1101 enforce the penalties provided herein, be open only
1102 to the inspection of the commissioner, his deputies,
1103 clerks and assistants, and such other officers of the
1104 commonwealth as may have occasion to inspect
1105 them for the purpose of assessing or collecting taxes.

1106 *Section 45.* When a tax or excise of any kind
1107 remains due to or is claimed by the commonwealth
1108 from a corporation, company or association, whether
1109 existing by authority of the commonwealth or other-
1110 wise, except a municipal corporation, for ten days
1111 after notice given through the mail by the commis-
1112 sioner to its treasurer or other financial agent that
1113 such tax or excise is due and unpaid, the commis-
1114 sioner may, in addition to other modes of relief,
1115 issue his warrant, directed to the sheriffs of the
1116 several counties, or their deputies, or to any con-
1117 stable, commanding the collection of such tax or
1118 excise. Such warrant may be substantially in the
1119 form of and served in the same manner as those

1120 issued by the assessors of towns. The warrant shall
1121 run throughout the commonwealth, and any officer
1122 to whom it is directed may serve it in any county.
1123 The warrant shall not run against the body of any
1124 person nor shall any property of such delinquent
1125 corporation, company or association be exempt from
1126 seizure and sale thereon. The officer having such
1127 warrant shall collect such tax or excise, and interest
1128 upon the same at the rate of twelve per cent per
1129 annum from the time when such tax or excise be-
1130 came due, and may collect and receive for his fees
1131 the sum which an officer would be entitled by law to
1132 receive upon an execution for a like amount. He
1133 shall also collect one dollar for the warrant, which
1134 he shall pay to the commissioner.

1135 *Section 46.* If a corporation, company or associa-
1136 tion fails to pay a tax levied under this chapter, the
1137 commissioner may recover the same in contract in
1138 the name of the commonwealth.

1139 *Section 47.* The lessee of the works, structures,
1140 real estate or machinery of any corporation, com-
1141 pany or association taxed under this chapter shall
1142 also be liable for the payment of the tax, and upon
1143 such payment may, in the absence of an agreement
1144 to the contrary, retain it out of the rent of the
1145 property, or recover it in an action against the
1146 lessor.

1147 *Section 48.* In addition to the methods provided
1148 by sections forty-five and forty-six, taxes or excises
1149 under this chapter may be collected by an informa-
1150 tion brought in the supreme judicial court by the
1151 attorney general at the relation of the commissioner.
1152 The court may issue an injunction upon such infor-
1153 mation, restraining the further prosecution of the

1154 business of the company, association or corporation
1155 until such taxes, with interest and costs thereon,
1156 have been paid; but no telegraph company accept-
1157 ing the provisions of section fifty-two hundred and
1158 sixty-three of the Revised Statutes of the United
1159 States shall be enjoined from constructing, main-
1160 taining or operating a telegraph line over and along
1161 any of the military or post roads of the United States
1162 within this commonwealth.

1163 *Section 49.* Any corporation, company or associa-
1164 tion aggrieved by the exaction of any tax or excise
1165 or of any part thereof may, within six months after
1166 the payment of the same, whether such payment be
1167 after or before the issue of the warrant mentioned in
1168 section forty-five, apply by petition to the supreme
1169 judicial court, setting forth the amount of the tax or
1170 excise and costs thereon so paid, the general legal
1171 grounds and the specific grounds in fact, if any, upon
1172 which it is claimed such tax or excise should not have
1173 been exacted. Said petition shall be the exclusive
1174 remedy and shall be entered and heard in Suffolk
1175 county. A copy of the same shall be served upon
1176 the commissioner and upon the attorney general.
1177 The proceedings upon such petition shall conform
1178 as nearly as may be to proceedings in equity, and an
1179 abatement shall be made of only such portion of the
1180 tax or excise as was assessed without authority of
1181 law.

1182 *Section 50.* If the court, upon a hearing or trial, ad-
1183 judges that said tax or excise, and the costs thereon,
1184 have been illegally exacted, a copy of the judg-
1185 ment or decree shall be transmitted by the clerk of
1186 the court to the comptroller, who shall thereupon
1187 audit and certify the amount adjudged to have been

1188 illegally exacted, with interest, and costs to be
1189 taxed by the clerk of the court in the same manner
1190 as other claims against the commonwealth, and the
1191 state treasurer shall pay the same, without any
1192 further act or resolve making appropriation there-
1193 for. So much thereof as has been paid by the
1194 commonwealth to any town may be deducted from
1195 and set off against any sum afterwards payable to
1196 such town.

1197 *Section 51.* Penalties and forfeitures imposed by
1198 this chapter may be collected by an action of con-
1199 tract under section forty-six or by an information
1200 under section forty-eight. An injunction issued
1201 upon such an information may contain a provision
1202 continuing it in force until the returns required by
1203 this chapter have been filed.

1 SECTION 2. Chapter fifty-eight of the General
2 Laws, as amended in sections twenty to twenty-
3 five, inclusive, is hereby further amended by strik-
4 ing out said sections twenty to twenty-five, inclusive,
5 as amended, and inserting in place thereof the
6 following eight new sections:

7 *Section 20.* From the total taxes paid under
8 chapter sixty-three in any state fiscal year by do-
9 mestic business and foreign corporations, both as
10 defined in section one of said chapter, there shall be
11 deducted such taxes paid under said chapter as have
12 been refunded thereunder or under section twenty-
13 seven of this chapter during said year, together with
14 any interest or costs paid such corporations on
15 account of refunds. One sixth of the balance shall
16 be retained by the commonwealth, and five sixths
17 shall be distributed, credited and paid to each of the

18 several towns in the proportion that the value of the
19 tangible property owned by all domestic and foreign
20 corporations as defined as aforesaid and situated in
21 each town, bears to the value of the total tangible
22 property owned by all such corporations and situ-
23 ated within the commonwealth, as determined by
24 the commissioner from the returns of the previous
25 taxable year or in such other manner as he may
26 deem just and equitable.

27 *Section 21.* Such proportion of the tax paid by
28 each corporation, company or association under
29 sections one to fourteen, inclusive, of chapter sixty-
30 three, except a domestic business corporation, a
31 foreign corporation or a bank, all as defined in
32 section one of said chapter, or a railroad, street
33 railway, electric railroad, telephone, telegraph, gas,
34 electric light, gas and electric light or water com-
35 pany, as corresponds to the proportion of its stock
36 owned by persons residing in this commonwealth,
37 shall be distributed, credited and paid to the several
38 towns in which, from the returns or other evidence,
39 it appears that such persons resided on April first
40 preceding, according to the number of shares so held
41 in such towns, respectively. If stock is held by a
42 fiduciary, the beneficiary shall be regarded as the
43 shareholder for the purpose of distribution under
44 this section, and if a town is a shareholder, the dis-
45 tribution shall be the same as if the stock were
46 owned by a resident thereof.

47 *Section 22.* The tax paid by each electric rail-
48 road and street railway company under sections one
49 to fourteen, inclusive, of chapter sixty-three shall
50 be apportioned among the several towns in propor-
51 tion to the length of tracks operated by such com-

52 pany in said towns, respectively. Such proportion
53 of the tax paid by a street railway or an electric
54 railroad company as corresponds to the length of its
55 lines upon locations granted by the board having
56 charge of metropolitan parks, of the Wachusett
57 mountain state reservation or of the Greylock reser-
58 vation shall be apportioned to the commonwealth,
59 and credited by the state treasurer to the sinking
60 fund of the loan to which the expenditure for the
61 road, boulevard, park or reservation in which the
62 tracks are located was charged.

63 *Section 23.* The tax paid by railroad, telephone
64 and telegraph companies under sections one to
65 fourteen, inclusive, of chapter sixty-three shall be
66 distributed, credited and paid to the towns of the
67 commonwealth or shall be retained by the common-
68 wealth in the manner following: Such proportion of
69 said tax paid by each of said corporations as cor-
70 responds to the proportion of its stock owned by
71 non-residents of Massachusetts shall be retained
72 by the commonwealth. The remainder of said tax
73 shall be distributed, credited and paid to the several
74 towns in proportion to the total assessed value of
75 property actually taxed in each town for the pre-
76 ceding year.

77 *Section 23A.* Such proportion of the tax paid by
78 each bank, as defined in section one of chapter
79 sixty-three, under sections one to fourteen, inclusive,
80 of said chapter after deducting any refund and any
81 interest or costs paid on account thereof, as corre-
82 sponds to the proportion of its stock owned by per-
83 sons residing in this commonwealth, shall be deter-
84 mined by the commissioner and be distributed,
85 credited and paid to the several towns in which,
86 from returns or other evidence, it appears that such

87 persons resided on April first preceding, according
88 to the number of shares so held in such towns, re-
89 spectively, and the remainder of such tax shall be
90 retained by the commonwealth. The commissioner
91 shall forthwith upon such determination give written
92 notice by mail or at their office to the assessors of
93 each town thereby affected of the aggregate amount
94 so charged against and credited to it; and they may
95 within ten days after notice of such determination
96 appeal therefrom to the board of appeal. At the
97 expiration of ten days after said notice, if no appeal
98 is taken or upon being informed of the decision of
99 the board of appeal, the commissioner shall certify
100 to the state treasurer the aggregate amount of
101 charges against, and credits to, each town, as so
102 determined; and the treasurer shall thereupon
103 withhold out of any sums payable by the common-
104 wealth to any town against which a charge is certi-
105 fied, the amount of such charge, and shall allow or
106 pay over to each town to which a credit is certified
107 the amount of such credit.

108 *Section 24.* The tax paid by gas, electric light,
109 gas and electric light and water companies under
110 sections one to fourteen, inclusive, of chapter sixty-
111 three shall be distributed, credited and paid to towns
112 of the commonwealth, or shall be retained by the
113 commonwealth in the manner following: Such
114 proportion of said tax paid by each of said corpora-
115 tions as corresponds to the proportion of its stock
116 owned by non-residents of the commonwealth shall
117 be retained by the commonwealth. The remainder
118 of such tax shall be distributed, credited and paid
119 to the town of the commonwealth where the business
120 of the corporation is carried on; and if any such
121 corporation carries on its business in more than one

122 such town, this part of the tax paid by it shall be
123 distributed, credited and paid to such towns in
124 proportion to the value of the works, structures,
125 real estate, machinery, poles, underground conduits,
126 wires and pipes of the corporation in each of them
127 on April first, as determined from the returns or in
128 any other manner.

129 *Section 24A.* In case any corporations, taxable
130 under sections one to fourteen, inclusive, of chapter
131 sixty-three, for the distribution of the proceeds of
132 which tax different methods are herein provided,
133 file consolidated returns of income with the federal
134 government and are taxed on their combined net
135 income under section six of said chapter, the com-
136 missioner shall determine the amount of such pro-
137 ceeds to be distributed under each of such methods.
138 Interest received by the commonwealth on overdue
139 taxes from corporations under section forty-two of
140 said chapter shall be distributed, credited and paid
141 to the several towns in the same manner and pro-
142 portions as the principal of such taxes is distributed,
143 credited and paid. Any sum abated from a tax
144 distributable to the several towns under sections
145 twenty-one to twenty-three, inclusive, and twenty-
146 four, and refunded, and any interest or costs paid
147 on account of such refund, shall be deducted from
148 the amount to be distributed, credited or paid.

149 *Section 25.* The commissioner shall ascertain
150 and determine the amount due to each town under
151 sections twenty to twenty-three, inclusive, and
152 sections twenty-four and twenty-four A, notify the
153 treasurer of each town thereof, and certify the
154 amount as determined to the state treasurer, who
155 shall thereupon pay the same. The commissioner
156 in his discretion may from time to time within the

157 fiscal year make partial distribution of taxes paid
158 therein and distributable under the provisions of
159 sections twenty to twenty-four A, inclusive, or any
160 of them, withholding such sums as may to him seem
161 proper to provide for refunds and abatements.
162 Any decision made by the commissioner under any
163 provision of sections twenty-one to twenty-three,
164 inclusive, twenty-four, twenty-four A and this
165 section shall be subject to appeal to the board of
166 appeal.

1 SECTION 3. Section five of chapter fifty-nine of
2 the General Laws, as most recently amended by
3 sections three and four of chapter three hundred and
4 seventy-nine of the acts of nineteen hundred and
5 twenty-eight, is hereby further amended by striking
6 out clause sixteenth and inserting in place thereof
7 the following: —

8 Sixteenth, Property, other than real estate, poles,
9 underground conduits, wires and pipes, and other
10 than machinery used in manufacture or in supplying
11 or distributing water, owned by a Massachusetts
12 savings bank or co-operative bank, or by a corpora-
13 tion subject to taxation under sections one to four-
14 teen, inclusive, of chapter sixty-three, except a
15 domestic business corporation or a foreign corpora-
16 tion, both as defined in section one of said chapter;
17 also property, other than real estate, poles, under-
18 ground conduits, wires and pipes, and other than
19 machinery used in the conduct of the business,
20 owned by a domestic business corporation or a
21 foreign corporation, both as defined as aforesaid;
22 provided, that the term "machinery used in the
23 conduct of the business" shall not, as herein used,
24 be deemed to include stock in trade.

ANALYSIS OF THE PROVISIONS OF THE PROPOSED NEW CHAPTER 63, TAXATION OF CORPORATIONS AND ANALOGOUS FORMS OF ORGANIZATION WHICH IS SUBMITTED HEREWITH.

Section of the Proposed Chapter.	Subject Matter.	Section of Existing Chapter 63, as Most Recently amended.
§ 1	Definition of bank	§ 1
	Definition of domestic business corporation and of foreign corporation	§ 30
	(Drafted to include certain associations, partnerships and trusts with transferable shares.)	
	Definition of net income	§ 30
	(Merged with definition of net income of banks in § 1.)	
	Definition of taxable year	§ 1 and § 30
§ 2	Provides excise based on net income with a minimum tax based on the book value of capital, surplus and undivided profits, for domestic corporations	§ 32 and § 58
§ 3	Same note as to § 2, for foreign corporations	§ 2, § 39 and § 58
§ 4	New, to include taxation of associations, trusts and partnerships having transferable shares.	
§ 5	In part new, based on New York law	But see § 33 and § 39A
§ 6	. . . . .	§ 34 and § 39
§ 7	. . . . .	§ 34 and § 39
§ 8	. . . . .	§ 3, § 35, § 40, § 53 and § 54
§ 9	. . . . .	§ 36 and § 40
§ 10	. . . . .	§ 37
§ 11	. . . . .	§ 38
§ 12	. . . . .	§ 41
§ 13	. . . . .	§ 42
§ 14	Adapts to an income basis the provisions of	§ 55
§ 15	With new provisions providing for the payment of not less than one half of tax at the time of return	§ 44
§ 16	. . . . .	§ 45
§ 17	. . . . .	§ 46 and § 79
§ 18	Inserts new provision requiring approval of rules and regulations by attorney general.	
§ 19	. . . . .	§ 4, § 48 and § 60
§ 20	. . . . .	§ 49
§ 21	. . . . .	§ 50
§ 22	. . . . .	§ 51 and § 60
§ 23	Applies to all corporations taxable under preceding sections the provisions of	§ 76
§ 24	New minimum tax for savings banks and savings departments of trust companies; also includes such tax on co-operative banks and credit unions	§ 11 and § 13

Section of the Proposed Chapter.	Subject Matter.	Section of Existing Chapter 63, as Most Recently amended.
§ 25	.	§ 17
§ 26	In minor details new	§ 18
§ 27	Sets § 12 forth in full as applicable to savings and insurance banks by reason of the fact that a new kind of minimum tax is imposed by § 24 of the bill upon savings banks and savings departments and therefore said § 12 as applicable to them is omitted	§ 12
§ 28	.	§ 18A
§ 29	.	§ 20
§ 30	.	§ 21
§ 31	.	§ 22
§ 32	.	§ 23
§ 33	.	§ 24
§ 34	.	§ 25
§ 35	.	§ 26
§ 36	.	§ 27
§ 37	.	§ 28
§ 38	.	§ 29
§ 39	Part relating to corporate excess omitted	§ 67
§ 40	.	§ 68
§ 41	In part new, and also applies to all corporations taxable under this chapter certain provisions of	§ 44, § 69
§ 42	.	§ 70
§ 43	.	§ 60 and § 71
§ 44	.	§ 71A
§ 45	.	§ 72
§ 46	.	§ 73
§ 47	.	§ 74
§ 48	.	§ 75
§ 49	.	§ 77
§ 50	.	§ 78
§ 51	.	§ 80

Section 2 of the bill amends sections 20-25, inclusive, of chapter 58 of the General Laws, relative to the distribution of corporation taxes, and includes as section 23A therein sections 5 and 6 of chapter 63 of the General Laws, relative to the distribution of the proceeds of the tax on banks, and brings all of said sections into harmony with the proposed tax on corporations entirely based on income.

Section 3 of the bill amends clause Sixteenth of section 5 of chapter 59 of the General Laws by bringing it into harmony with the proposed new chapter 63.

DISPOSITION OF PRESENT CHAPTER 63, GENERAL LAWS, AS MOST RECENTLY AMENDED.

Section of Existing Law.	Subject Matter.	Section of Proposed New Chapter.
§ 1	.	§ 1
§ 2	.	§ 3
§ 3	.	§ 8
§ 4	.	§ 19
§ 5, § 6	} Redrafted as § 23A of G. L., c. 58, in § 2 of the bill.	
§ 7		
	Omitted.	
	1925, 343, § 13, as revised by 1926, 222, is omitted.	
§ 8, § 9,	} Already repealed by 1925, 343, § 1.	
§ 10,		
§ 10A, § 10B		
§ 11	Redrafted in the form of a new minimum tax; also includes like tax on co-operative banks and credit unions	§ 24
§ 12	Omitted as to savings banks and savings departments of trust companies, but see note opposite § 27 of the bill in analysis thereof.	
§ 13	.	§ 24
§ 14	Omitted as obsolete.	
§ 15	Omitted because of proposed new chapter 62 of the General Laws.	
§ 16	Omitted.	
§ 17	.	§ 25
§ 18	.	§ 26
§ 18A	.	§ 28
§ 19	Omitted because covered elsewhere.	
§ 20	.	§ 29
§ 21	.	§ 30
§ 22	.	§ 31
§ 23	.	§ 32
§ 24	.	§ 33
§ 25	.	§ 34
§ 26	.	§ 35
§ 27	.	§ 36
§ 28	.	§ 37
§ 29	.	§ 38
§ 30	All of this section, except definitions of domestic business corporation, foreign corporation, net income and taxable year, omitted because it deals with corporate excess, which is abolished	§ 1

Section of Existing Law.	Subject Matter.	Section of Proposed New Chapter.
§ 31	Omitted because it deals with corporate excess.	
§ 32		See § 2
§ 32A	Omitted.	
§ 33	Omitted, but see § 5 of the bill.	
§ 34		§ 6 and § 7
§ 34A	Repealed, 1924, 26, § 1.	
§ 35		§ 8
§ 36		§ 9
§ 37		§ 10
§ 38		§ 11
§ 38A	Omitted.	
§ 39		See § 3, § 6, § 7
§ 39A	Omitted, but see § 5 of the bill.	
§ 39B	Repealed, 1924, 26, § 1.	
§ 39C	Omitted.	
§ 40		§ 8 and § 9
§ 41		§ 12
§ 42		§ 13
§ 42A	Omitted.	
§ 43	Omitted.	
§ 44		§ 15 and § 41
§ 45		§ 16
§ 46		§ 17
§ 47		§ 18
§ 48		§ 19
§ 49		§ 20
§ 50		§ 21
§ 51		§ 22
§ 52	Omitted.	
§ 53		§ 8
§ 54		§ 8
§ 55	Adapted to a tax on the income basis and 2 last paragraphs omitted.	§ 14
§ 56	Repealed, 1925, 343, § 4.	
§ 56A	Omitted.	
§ 57	Repealed and § 68A substituted, 1928, 13.	
§ 58		§ 2 and § 3
§ 58A	Repealed, 1925, 343 § 6.	
§ 59	Omitted.	
§ 60		§ 19, § 22, § 43
§ 61,	} Repealed by 1928, 138.	
§ 62,		
§ 63,		
§ 64,		
§ 65,		
§ 66		
§ 67	As amended by 1928, 143, § 3; last sentence omitted as it deals with corporate excess.	§ 39
§ 68		§ 40
§ 68A	Inserted by 1928, 13, omitted.	
§ 69		§ 41
§ 70		§ 42
§ 71		§ 43
§ 71A		§ 44

Section of Existing Law.	Subject Matter.	Section of Proposed New Chapter.
§ 72		§ 45
§ 73		§ 46
§ 74		§ 47
§ 75		§ 48
§ 76	Redrafted to apply to all corporations taxable under §§ 1-14 of the bill	§ 23
§ 77		§ 49
§ 78		§ 50
§ 79 Omitted		See § 17
§ 80		§ 51
§ 81 Omitted.		

APPENDIX E.

PROPOSAL FOR A LEGISLATIVE AMENDMENT OF
THE CONSTITUTION RELATIVE TO THE AUTHOR-
ITY OF THE GENERAL COURT TO LEVY TAXES
ON TANGIBLE PERSONAL PROPERTY.

A joint session of the senate and house of representatives hereby declares it to be expedient to alter the constitution by the adoption of the following article of amendment, to the end that it may become a part of the constitution if similarly agreed to in a joint session of the next general court and approved by the people at the state election next following: —

ARTICLE OF AMENDMENT.

Full power and authority are hereby given and granted to the general court to impose and levy a tax on all tangible personal property or any class or classes thereof as they shall judge to be for the good and welfare of this commonwealth. Such tax may be at different rates and be determined by different methods for different classes of tangible personal property, but shall, throughout the commonwealth, be levied at the same rate, and be determined by the same method, for the same class thereof. Any class of tangible personal property not taxed under this article may, and any class thereof taxed hereunder shall, be exempted from the imposition and levying of proportional and reasonable assessments, rates and taxes.

APPENDIX F.

RESOLVE PROVIDING FOR THE FURTHER CONTINUATION OF THE WORK OF INVESTIGATING AND REVISING THE TAX LAWS OF THE COMMONWEALTH BY AN UNPAID SPECIAL COMMISSION.

Resolved, That the unpaid special commission to revise the laws of the commonwealth relative to taxation, established by chapter forty-four of the resolves of nineteen hundred and twenty-seven and continued by chapter thirty-one of the resolves of nineteen hundred and twenty-eight, shall further continue the investigation of the laws of the commonwealth relative to taxation as provided in said chapter, and shall carry to completion the study and report undertaken by it. For such purpose, the commission shall be provided with quarters in the state house, and may expend for expert, clerical and other expenses such sums, not exceeding ten thousand dollars, as the general court may appropriate. The commission shall make a report to the general court by filing the same with the clerk of the house of representatives not later than the first Wednesday in January in the year nineteen hundred and thirty, together with drafts of legislation necessary to carry its recommendations into effect.







